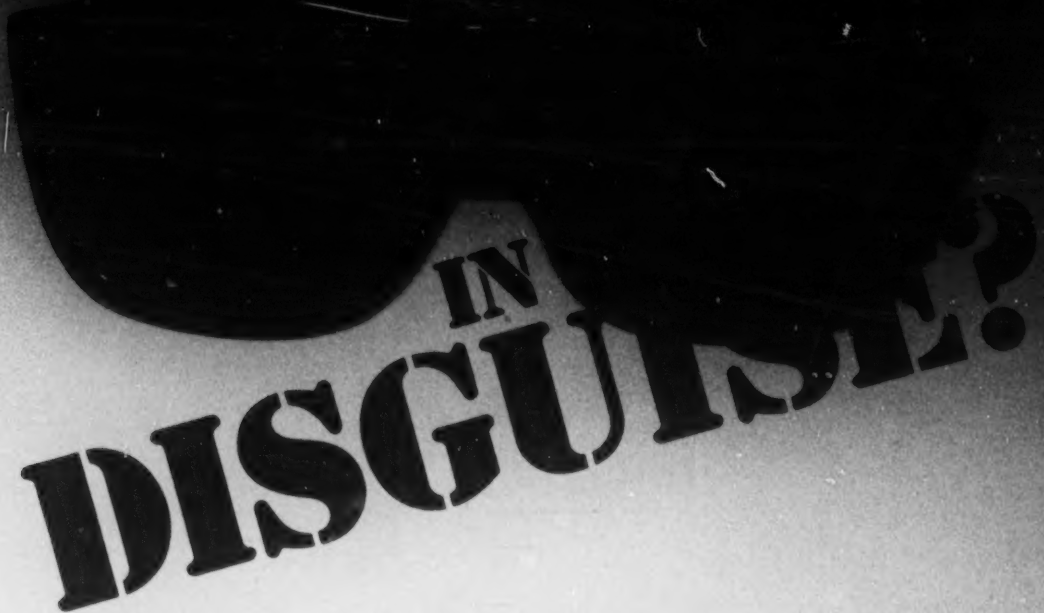
PUBLIC RELATIONS

CORPORATE ADVERTISING


IN
DISGUISE?

Plus: Annual Corporate Advertising Expenditures Analysis

PUBLIC RELATIONS JOURNAL

September 1989 Vol. 45 No. 9

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In the hybrid world of corporate advertising, public relations and advertising professionals have been grappling with the tough issues of creative and budget territories since long before the most recent spate of merger mania. How much do corporate ads contribute to a company's public relations efforts? When should public relations be in the driver's seat—and vice versa? Public relations and corporate executives offer their insights.
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INSIDE TRACK

Identity crisis

Advertising and public relations have always had a love/hate relationship. In recent years, their traditional rivalry for corporate and institutional dollars has been thrown into a spotlight, as big ad agencies have acquired public relations firms of all sizes and the two disciplines have found themselves struggling to cooperate to serve the same masters. While there is agreement in principle that the client's needs should determine the mix of public relations, advertising and other marketing methods, public relations divisions too often play second fiddle to the siren song of advertising's bigger dollars.

Within this broader context, it's particularly interesting to look at corporate advertising, which has always been something of an anomaly, and as such has been a battleground for public relations and advertising for many years. In this area of advertising, where image is paramount, public relations has definitely staked a claim. But, as interviews with professionals specializing in this area make clear, the balance of creative power and control over budgets is by no means cut and dry. What makes clients choose a public relations firm versus an advertising agency to handle their corporate ads? Which recent corporate campaigns have had public relations professionals at the helm? Does corporate advertising yield documented public relations benefits? "Corporate Advertising: Public Relations in Disguise?" (*page 20*), deals with these and other questions regarding this hybrid endeavor.

For the rundown on who's spending how much on corporate advertising, take a look at our annual corporate advertising expenditures analysis *(page 28)*, now in its 18th year. And, to see some of the creative results of public relations-directed corporate ad campaigns, turn to the portfolio on page 32.

Breathes there a practitioner today who hasn't oft been heard to say: "What's that prospect thinking, anyway?" A.C. "Al" Croft, APR, a veteran practitioner who's been on both the pitch side and the client side (as a consultant) during many a firm search, offers a fictionalized but decidedly not fanciful portrayal of what each side is doing and thinking during the course of a typical search *(page 36)*.

Crisis-wise, the Exxon Valdez oil spill may have eclipsed all others in the minds of the public this year. But for other companies and organizations, the real lessons of 1989 came out of less mammoth but potentially devastating crises that directly impacted their own operations. In a special section beginning on page 15, Dorf & Stanton principal Alex Stanton surveys practitioners on what crisis management lessons they've learned during the past year. Mary Nowotny, vice president, Aaron D. Cushman & Associates, shares a personal account that illustrates why the old "Be Prepared" motto has its limitations. **Karlene Lukovitz, Editor**

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Many still aren't prepared

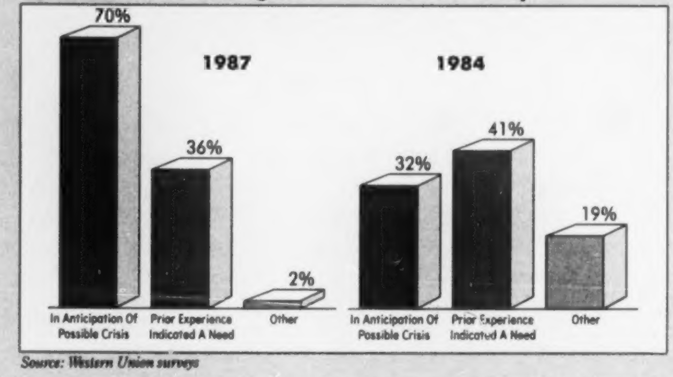
While corporate awareness of the need to plan for crisis communications seems higher than ever, a May 1987 research survey by Western Union—one of the most recent studies in this field—suggests that many of America's largest companies continue to be unprepared.

In 1984, Western Union had commissioned an initial survey of Fortune 1000 industrial companies and Fortune 500 service companies. At that time, only 53 percent of companies surveyed had an operational crisis communications plan. Three years later, only 57 percent of responding companies had a plan—a very modest improvement, considering the level of attention this area has received.

Not surprisingly, the more recent survey showed that companies with revenues over $1 billion are more likely to have an active crisis communications plan (75 percent) than smaller companies (41 percent).

At the same time, the number of companies citing anticipation of a crisis as the reason for establishing an operational plan more than doubled from 1984 to 1987, from 32 percent to 70 percent. The Western Union survey also found that eight of 10 companies with a plan in place reported having designated a crisis team.

Reasons for establishing a crisis communications plan



Source: Western Union surveys

they've gotten very positive publicity in their local communities."

At Phoenix House, a nonprofit organization that treats drug abuse patients in facilities in New York and California, a rash of salmonella poisoning the day after Christmas 1988 set crisis planning into motion in the new year.

"It was a slow news day in New York, so, when the television stations monitoring police 911 emergency medical service radios found out that we had 20 people sick with salmonella, our phones started ringing at 5 a.m. and cameras began arriving," recounts Christopher Policano, director of public information.

"Our lack of a formal plan resulted in a four-hour delay before I was notified, and some lag time in getting accurate information to the media. After I got there and verified that all the cases were mild, I got on the phone immediately to all the press people who had called and gave them the best information I had."

According to Policano, this experience helped convince Phoenix House of the basic necessity of having a crisis plan, and that the public relations representative plays a vital role in such situations.

Phoenix House executives also learned the importance of setting up a crisis team. Since the poisoning incident, "we've had lots of debate about what constitutes a crisis, and at what point different people need to get involved," he says. "But everyone agrees that we need a well-crafted plan and that four key disciplines need to be represented: clinical services, administration, legal and public information."

Most crisis experts, of course, agree that the first step in any effective crisis management plan should be designating a crisis team, ideally a small group of quick decision makers who represent all the key functions. These should be cool-headed people who operate well under pressure, and who are fully familiar with the crisis plan and playbook.

The most critical job of the team is to realistically define the scope and severity of the crisis. Since all future decisions and judgment calls will flow from this determination, they must not overestimate or underestimate the severity of the situation as it unfolds.

Staying cool/reaching all audiences

At St. Louis-based Purina Mills, a leading manufacturer of animal feeds with 65 plants across the country, a comprehensive crisis management plan was set in place in early 1988. But the plan was severely tested last May when barium carbonate, the toxic chemical used to control rats, was discovered in milk produced by farms in two states feeding Purina products.

"This was not a routine situation," recalls Max Fisher, director of corporate communications at Purina Mills. "It took a long time before federal and state investigators were able to determine that the contamination occurred when a railroad car previously used to transport barium carbonate was not cleaned properly before soybean hulls were loaded and shipped to our plant in Shreveport, Louisiana for use as a feed ingredient. We issued a recall of all feed manufactured by the plant over a 10-day period as soon as we realized what happened."

Fisher says involvement in a crisis that "crossed over into the food chain" reinforced the importance of taking good care of customers when you're under the gun. Purina Mills safeguarded its relationship with customers during this crisis by communicating quickly and honestly. "Our technical specialist at the plant level contacted the farmers directly, while our field sales force got on the phone to all Purina dealers in the affected area over the weekend," he explains. "A letter to all customers was also sent from headquarters as soon as we identified the problem."

"I think that a lot of companies fail to communicate effectively with their loyal customers when they're in a crisis situation," he notes. For example, he says, Exxon might have avoided many public relations problems if it had immediately communicated with its credit card customers about the situation in Alaska and clean up efforts, if it had monitored reaction to notifications, and had reacted accordingly. ☐

Alex Stanton, APR, is president of Dorf & Stanton, which was recently purchased by Shandwick plc. Dorf & Stanton has offices in New York, St. Louis and Stamford, Connecticut.

CORPORATE ADVERTISING IN DISGUISE!

Joan Reisman

By its very nature, corporate advertising often calls for involvement by both the public relations and advertising camps. When should one versus the other be in the driver's seat?

Corporate advertising—advertising on behalf of the corporation as an institution rather than on behalf of its specific products or services—has long been something of an oddity within the advertising family. It has a wayward tendency to turn up in corporate communications and public relations departments—and even to enter the world through public relations firms—instead of following the path of its big brother, product advertising, from the marketing department through the ad agencies.

Despite the shared surname, corporate advertising is in many critical respects less closely related to hard-sell product advertising than to investor and public relations, with their embrace of complex objectives and issues.

Issue of identity

Although the borders that set corporate advertising apart from product/service advertising and public relations are fuzzy, certain functions fall squarely within the specialty.

The classic roles of corporate advertising are image and issues advertising. Image ads seek to give a company a specific, recognizable "face" to its public. This identity-building role is particularly important in corporate transitions, in which the name stays the same but the company changes, or the company stays the same but the name changes. In the wake of mergers and acquisitions, two or more distinct companies become one indistinct one, often with additions and discontinuances of lines of business, as well as name changes that drop the prior identity of at least one party (e.g., Sperry Corp. and Burroughs Corp. became Unisys Corp.).

Corporate advertising may also be used when a company is little-known or poorly understood among important audiences, such as financial analysts and current or potential stockholders. For example, Ball Corporation, best known for the beloved jars that contain Grandma's jam and pickles, is heavily involved in aerospace and defense.

And then, of course, corporate advertising can be called upon to counter a bad image or to swing public opinion in the direction of the company's viewpoint. A pioneer in this area is Mobil Corporation, which raised issues advertising to new prominence by popularizing the "advertorial"—paid advertising on the Op-Ed page—during the OPEC oil crisis of the 1970s. Mobil balanced this advertising offensive with high-profile sponsorships of such programs as "Masterpiece Theatre."

Terrence N. Hill, executive vice president and director of corporate advertising at Burson-Marsteller, also lists a category called "fight ads."

"Used in such crisis situations as takeovers, these ads can be pulled together overnight, and we often prepare contingency ads in anticipation of our opposition's moves," he says.

Bottom line isn't forgotten

More than a decade ago, corporate advertising was heralded as a panacea for a multitude of marketing challenges. "As an umbrella to cover an entire line of products, corporate advertising was expected to cut the costs for individual brand advertising," says Hill. "But in fact, corporate advertising is always the first thing cut." It is far more vulnerable than product advertising because its budgets are so much leaner and because of the perception that product ads have a more direct impact on the bottom line. "When things are tough, budgets for product ads might be reduced, but funding for corporate ads may be wiped out completely," says Hill. Nevertheless, corporate ad expenditures as a whole have been steadily rising for the past five years. (*See tables, pages 22, 28, 30.*)

"In many respects, corporate advertising is more closely related to public [illegible] product

Although corporate advertising may arise from little more than an uneasy suspicion among top executives that a company needs to be better understood for what it does and what it stands for, the lean and mean companies of the '80s demand accountability for any significant ad expenditures. Measuring the effectiveness of corporate advertising is quite distinct from measuring product/service advertising, according to James Foster, president and CEO of Brouillard Communications, a corporate communications firm that began within J. Walter Thompson advertising and is now part of the WPP network.

"With traditional advertising, you want the audience to get up out of their chairs and buy whatever you're selling," he notes, "but with corporate advertising, you're tracking shifts of awareness and attitude. You're looking not only for what messages you've conveyed, but what unintended messages are being received. Unlike product advertising, these effects can't be assessed on the basis of an individual ad."

Foster equates the task of measuring the results of a corporate ad campaign with that of measuring public relations results. "Quite often, it's impossible to segregate PR and corporate ad results unless each program focused on entirely distinct messages," he observes.

In 1986 and 1988, Brouillard commissioned Yankelovich Clancy Shulman to survey 45 large companies to determine how companies with strong reputations have built them. Among the findings, companies judged to be "winners" on average spent 235 percent more on corporate advertising than their less-admired peers.

"Our studies confirmed that being seen as a winner has a tangible value—in marketing, investment decisions, joint ventures, plant siting and attracting the best and brightest employees," says Foster.

According to the surveys, corporate advertisers gain an edge in several key areas, including:

- likelihood of business people to buy or recommend purchase of its products;
- amount respondents would be willing to invest in the company;
- likelihood of their seeking credible information from the company, and
- willingness of respondents to sell their own businesses to the company.

"For a packaged goods company, a strong corporate identity can translate into greater ease in introducing new products, either through a less expensive or more effective launch," Foster adds. "Companies are finding that a small investment in their corporate reputation can result in big payoffs."

It can also make a life or death difference during a crisis. After the incidents of bad vichyssoise soup a few years back, the unknown firm Bon Vivant went out of business, while Campbell scarcely lost a case sale. "Reputational equity is something you can fall back on in times of need," Foster says. "But, like asparagus, you have to plant it a few years before you can use it."

Tracking the transformation

Although measuring the effectiveness of a particular corporate advertising campaign is tricky, there are a few effective ways to do it. "Financial analysts may assure you that they pay no attention to corporate ads," says Foster, "but research shows that when a material piece of information about a company has been planted in an ad, and nowhere else, the analysts pick up that fact, which indicates that the ads are reaching them."

Wall Street Journal advertising

January to December 1988
(ranked by total media dollars in $ thousands)

Top 10 spenders: corporations

	1988 Pages	1988 Dollars
1. Merrill Lynch	80,271	$4,227,489
2. IBM	68,453	3,412,036
3. General Electric	61,422	3,172,305
4. United Technologies	46,548	2,659,223
5. Drexel Burnham Lambert	49,374	2,526,719
6. Salomon Inc	47,080	2,446,882
7. NYNEX	47,081	2,292,106
8. American Express	42,353	2,201,999
9. Texas Instruments	40,380	2,046,976
10. Chase Manhattan	39,106	2,009.041
Top 10 Total	522,068	26,994,776
Total: All Others	2,065,493	107,946,560
Report Total (all companies reporting)	2,587,561	134,941,336

Top 10 spenders: associations

	1988 Pages	1988 Dollars
1. Blue Cross & Blue Shield Assn.	14,228	$720,476
2. American Gas Assn.	12,015	606,360
3. U.S. Council for Energy Awareness	7,824	472,076
4. American Institute of Certified Public Accountants	8,896	449,466
5. Teachers Insurance & Annuity Assn. of America	5,328	301,564
6. Open Software Foundation	3,632	219,950
7. Acura Dealers Assn.	3,008	206,263
8. American Bankers Assn.	3,552	179,484
9. National Heart Savers Assn.	3,552	179,484
10. Ford Auto Dealers Assn.	2,700	170,965
Top 10 Total	64,735	3,506,088
Total: All Others	16,338	1,020,091
Report Total (all companies reporting)	81,073	4,526,179

Data ranked on 1988 dollars. Source: Leading National Advertisers.

For Goodyear Tire & Rubber Company, Akron, Ohio, Brouillard conducted man-on-the-street interviews to develop an anthropomorphic "Who is Goodyear?" company profile before and after a corporate ad campaign. "In the 'before' phase, Goodyear was seen as reliable and honest, but rather old and stodgy," explains Foster. "After a series of ads featuring the company's efforts not only in tires but also in computers, shoe insoles, car airsprings, and roofing, the company profile retained its positive characteristics, but this time what came through was a younger, more exciting and innovative persona."

The primary target of the campaign was Goodyear employees, and company spirit rose in response to the message that Goodyear was not doing things the same old way. "Incidental benefits included an increase in Defense Department bids," Foster adds. "And, Goodyear roofing sales went through the roof."

For Rohm and Haas Company, a Philadelphia-based specialty chemical company with headquarters, two plants, and a research facility in Pennsylvania's Delaware Valley, the decision to pursue corporate advertising both arose from and was confirmed by survey results.

"In 1985-86, a Roper poll indicated that R&H's Delaware Valley neighbors were unaware of who the company was," says Philip M. Stefanini, director of corporate affairs. "Although the company has been in the area for 80 years, that wasn't surprising, because our products are not things people find on the shelf, and our advertising had been strictly trade and institutional support."

But what was surprising and distressing was that, among those professing familiarity with the company, there was no awareness of the extensive activities R&H had been conducting not only on behalf of its employees but also within the community. The problem wasn't that people thought R&H was a pharmaceutical company. "We were disturbed that they gave us a neutral ranking as a corporate citizen, and indicated that we ought to be doing more," Stefanini says.

The company developed an integrated corporate public relations and advertising program with Ketchum PR/Philadelphia—not to do more, but to make what R&H was already doing more visible. In May 1988, a follow-up Roper poll was conducted. "The second survey showed not only a statistically significant improvement, but also trend indicators of an overall shift in direction," Stefanini reports. "We can't separate the effects of the corporate ads from those of the PR activities, but clearly we were doing something right."

Cheap shark repellent

Corporate advertising campaigns can make companies more attractive and valuable. Yet, just as important these days, it does not appear to encourage hostile takeovers. On the contrary, it is generally considered a strong defense.

"The people looking for takeover prospects are going to get their information from computerized databases and other sources," says Foster. "It is unlikely that a corporate ad will give them an idea they didn't already have."

And corporate advertising can shore up the company's protection. "After our Goodyear diversification campaign, there was a hostile takeover attempt, which caused the company to sell off some of its businesses," Foster says. "While the successful ad campaign was not considered to be responsible for the attempt, it was a factor in fending it off."

The goodwill that the ads generated contributed to support from Washington, D.C., the Ohio legislature, and the community—including rallies in the football stadium. "Just as 'body English' sends out signals about who is an easy victim, the most aggressive companies—such as those who put themselves forward in corporate ads—are the most immune to hostile takeovers," he maintains.

Superimposing products, producers

Despite the demarcation between corporate and product/service ads, corporate advertising frequently contains information about the company's products and services, and it's often hard to distinguish into which category the ad falls. "With a name like Smucker's, it's got to be good," is a product ad that uses the company name as a selling proposition. But the Goodyear series that showcased a variety of the firm's products under the banner, "You have the blimp behind you," was a corporate advertisement that incidentally sold products.

Particularly when the company and product names are the same, the two arms of advertising can play off one another. "This is most evident in a commodity situation when you're selling intangibles, such as financial services," says Foster. "Once you get past price and what you can say about the differences between competitive products, you have to focus on selling the producer. Sometimes the only way to tell a corporate ad

Continued

Image Power!

The Company Image by Elinor and Joe Selame (John Wiley & Sons, Inc., New York) is a great resource for corporate communications executives. Case histories, photos, anecdotes and interviews with Fortune 500 executives and CEOs of smaller entrepreneurial companies explain the importance of corporate identity and its impact on the bottom line.

"Rich with anecdotes -- stories of serendipitous successes and costly failures... Through extensive personal interviews and secondary research, the Selames have covered the field (corporate identity) superbly." -- *Public Relations Journal, June 1989*

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W99PRJ

Making an issue out of quality

In recent years, certain issues—productivity, searching for excellence, one-minute managing—have gone in and out of vogue both as corporate causes and as facets of the images companies wish to project. But attention to quality and output has been in the forefront throughout the decade, as Japanese competition has made U.S. firms take a hard look at this area.

The Quality Review is a corporate advertising vehicle that literally makes an issue of an issue: namely, quality. *TQR* describes itself as "a quarterly magazine designed to identify and promote broad applications of quality improvement for all aspects of a business enterprise, from design and manufacturing to marketing and customer service." It is co-published by two non-profit organizations, the American Quality Foundation and the American Society for Quality Control.

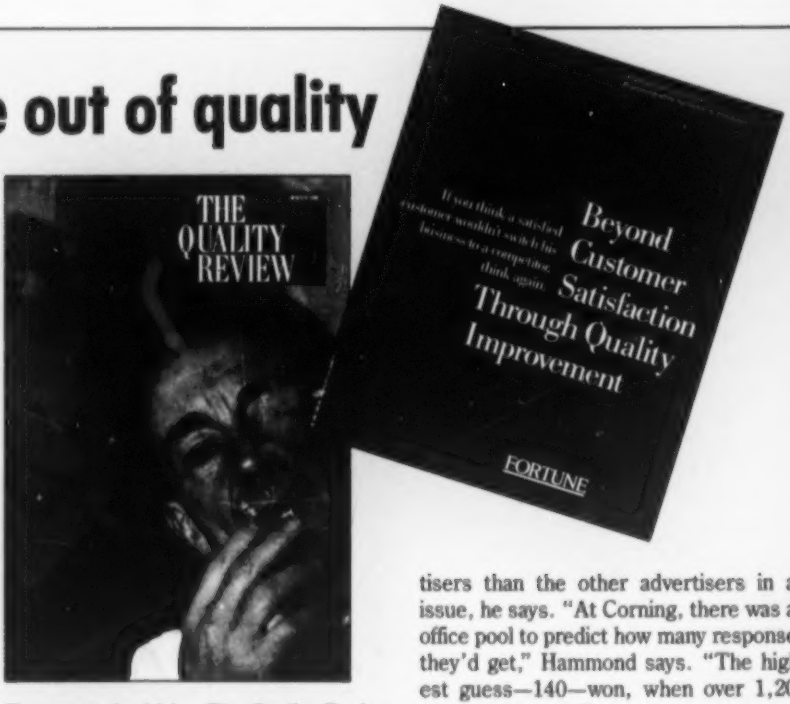
According to publisher Joshua Hammond, the magazine grew out of observing top executives during the organizations' conferences on quality. "They were asking fundamental questions, seeking information in their own language and broad strategic applications for their own corporations," he says. "We needed to bring the concept of quality from the factory floor to the executive offices."

Teaming up: ads and advertorials

The organizations created both *TQR* and a quality-themed annual *Fortune* magazine advertising supplement five years ago. The goal was not only to provide executives with the information they lacked, but also to give them an opportunity to position their companies as committed to quality principles.

Corporate participants are called sponsors rather than advertisers. "They pay a premium for more than just an ad," Hammond explains. That premium is $285,000 per year, for which each sponsor of *TQR* gets an advertorial—a profile on the company, subject to its editorial approval—in an issue that does not carry other advertising for the company. The former policy of a single sponsor per issue is being changed to allow eight, non-competing sponsors per issue over a one-year cycle, so that each sponsor gets a profile in one issue and ads in the other three.

"The rationale is to provide more frequency," says Hammond. "In many cases, due to the unusual format of the magazine and its distinctive focus, special ads are created, and sponsors want to get more than one-shot mileage out of them."


THE QUALITY REVIEW
If you think a satisfied customer wouldn't switch his business to a competitor, think again.
Beyond Customer Satisfaction Through Quality Improvement
FORTUNE

Two targeted vehicles, The Quality Review *and a* Fortune *special advertising supplement, are helping advertisers to convey their quality stories to influential business audiences.*

TQR touts its high-level, controlled circulation of 320,000 worldwide, which includes the top seven executives at each Fortune 500 service and industrial company; the top executive at the next 10,000 companies; the "top 1 percent" in Washington, D.C. (key administrators, cabinet members, members of Congress); governors; mayors of the top 1,000 cities; nearly 4,000 financial analysts; university presidents and deans; labor unions; the sponsor's key customers and suppliers and top advertising and public relations executives. "The PR and ad execs are among our most active readers," Hammond maintains.

Supplement draws big response

Fortune supplement sponsors—who pay one-time rates of between $15,000 for a one-third page black-and-white ad and $61,000 for a full-page color ad—get a profile along with an ad that reaches 750,000 *Fortune* readers worldwide.

"The Adverbatim recall studies showed that the supplement scores very high for 'recall seeing,' and even higher for 'recall reading'—38 percent higher than the ads in the rest of the issue," Hammond reports. Reader response cards to request further information garner 14 to 20 percent higher returns for supplement advertisers than the other advertisers in an issue, he says. "At Corning, there was an office pool to predict how many responses they'd get," Hammond says. "The highest guess—140—won, when over 1,200 requests came in."

Sponsors also receive reprints of the supplement, and their ads and profiles are incorporated into seminars, videotapes, and other *Fortune* tie-in programs.

Some limits on sponsors

Not every company can be a sponsor. "We didn't want a discount brokerage house, and we wouldn't accept Union Carbide after the explosion in India, because such sponsorship could be embarrassing for the two quality organizations we represent," Hammond says.

"But we had no problem with General Motors as one of our first sponsors, even though, at the time, Ford had a much stronger reputation for quality cars," he says, noting that yearly sponsorships are exclusive within industry categories. "Our profile focused not on GM cars, but on the inertial navigational system developed by the Delco Electronics Division of GM's Hughes subsidiary."

AT&T, the first *TQR* sponsor, agreed to fund one issue if three other high-quality companies would also commit to the first year. American Express made the decision in 48 hours. GM and Corning completed the group.

The force behind sponsorship at American Express was a corporate communications person; the spearheads at the other three charter companies were vice presidents for quality assurance.

One of them, David B. Luther, senior vice president and corporate director of quality for Corning, became involved in sponsoring *TQR* and the *Fortune* supplement as an extension of the company's

1987 participation in National Quality Month, an event initiated by the American Society for Quality Control in 1985.

"Our goal was to get our name linked with quality in the minds of our customers," says Luther. "With 64,000 products in a multinational market, we felt these publications, along with our other quality-related activities, would reach a broad constituency." Luther notes that his job is quality, not advertising, and that these particular vehicles are now saturated for Corning's purposes.

"We will be using our resources for other devices to deliver the quality message," he says, noting that Corning has sponsored seminars on quality, and is developing a 20-page handout on quality to respond to the many inquiries the company receives.

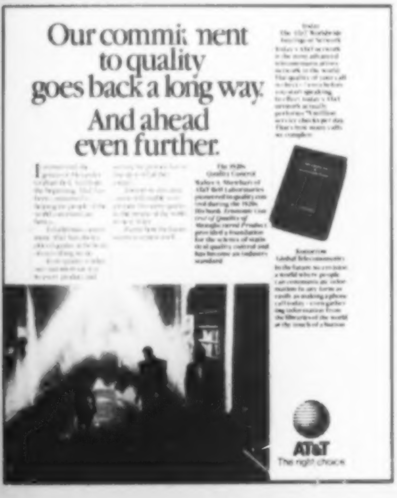
In contrast, Joseph R. Bransky, director, corporate quality and reliability for GM, plans to continue advertising in *TQR*, the *Fortune* supplement, and a similar advertising section in *Forbes* magazine. "Our primary interest in these vehicles is neither the advertising nor the editorial coverage GM gets out of them," he says. "It's the issue itself. Improving the understanding of total quality management is important enough for us to sponsor publications on it."

Bransky says that the proposal for GM to sponsor *TQR* and the *Fortune* supplement was first made to him, and he fostered the idea within the company. "We saw the benefits of sponsorship, decided it was the right thing to do, and then worked closely with the corporate advertising staffs to make it happen," he reports. "There have been no turf issues—in fact, it has enhanced the relationships."

Finding the sponsorship sponsor

Hammond cites the importance of zeroing in on the players within the organization who will grab the idea and run with it—rather than from it. "The hardest people to sell on a concept like this are the advertising executives," says Hammond. "When they hear 'quality,' they don't envision something they can advertise. They're used to selling the products, not selling how the products are produced."

In contrast, he says, the corporate public relations people love the idea but may not have access to the money. "We've learned that we have to gather all the affected parties—advertising, PR, quality control, and the CEO—when we present the concept," says Hammond. "Then we can get a decision." In a few instances, the decision was made by a CEO who instructed each department to ante up a portion of the cost, he notes. *—J.R.*


Our commitment to quality goes back a long way. And ahead even further.
AT&T
The right choice

"General Motors and the UAW are jointly committed to customer satisfaction. Quality people are maintaining GM's leadership. We're continuously improving with teamwork and technology. We're producing new cars and trucks that we're proud to build, and that our customers will be proud to own."
Quality Network

Custom-made quality: *AT&T (above), Chrysler, and Mack Trucks, Inc. were among the* Fortune *supplement sponsors who already had the perfect ad to run in the special section on quality.*

While other companies chose to run their regular ads, even if they contained no explicit quality message, a few invested in creating ads expressly for this ad/advertorial vehicle. IBM created a simple page linking "National Quality Month" with its corporate message.

And General Motors President Robert C. Stempel pushed through a special ad (above, right) against the advice of editors, publishers, and art directors, who deemed it cluttered with messages and images. It scored the highest reader recall in the entire Fortune *supplement. Maybe that's why he's president.*

from a product ad is to find out what budget it came out of."

Pushing the envelope of corporate advertising even further is one-man-show Donald Trump, who runs full-page newspaper ads calling for the death penalty one month, and tells you how he's revamping the former Eastern Shuttle the next. When viewed in isolation, the airline ad is technically a product/service promotion, and the death penalty plea is a rich man's letter to the editor. But their style, voice and context are pure Trump, and the subliminal message, bolstered by publicity about Trump's feats in politics and business, is, "If this dynamo is behind it, you should be too."

When is advertising PR?

According to Robert L. Dilenschneider, president of Hill & Knowlton, formerly the public relations subsidiary of J. Walter Thompson and now its sister company (along with Brouillard) under the WPP umbrella, "advertising is advertising is advertising," and corporate advertising is not part of public relations.

Although H&K occasionally handles a corporate ad for a public relations client, Dilenschneider does not count income from any paid communications as part of public relations operations for O'Dwyer's rankings, and corporate advertising is never the centerpiece of any accounts. "H&K is more likely to pass corporate advertising assignments out to one of its sister companies—J. Walter Thompson, Lord Geller, or Brouillard, depending upon what skills we need to tap and where," he says. "For example, one of our PR clients recently had a crisis that warranted a corporate ad, so we asked Lord Geller to construct and place it."

Dilenschneider notes that, in such cases, efforts are coordinated through a committee that includes advertising, public relations, public affairs and client representatives. "With the conglomeration of big companies such as WPP, WCRS, Interpublic, and Saatchi & Saatchi," he says, "big agencies are trying to sell the client on one-stop shopping in which they can get anything in the agency store."

In contrast, another giant public relations firm espouses a strong kinship between corporate advertising and public relations. Burson-Marsteller highlights corporate advertising as one of the services it offers its clients, and Hill, who is an alumnus of Brouillard, considers it an integral part of the public relations plan.

Although B-M's program for Sara Lee Corporation's "Front Runner Awards" to women in business, government, the arts, and humanities/public service falls primarily on the "P" side of the "advertising/promotion split," it is supported by a series of four corporate ads. The ads are written and photographed by women (Maya Angelou and E.J. Camp, respectively) and announce the four winners. "There is no mention of Sara Lee or its products in the body copy or graphics," says Hill, "just a sponsorship tag-line."

The strategy, he explains, is for the ads to extend the impact of the awards to a larger audience, and for a longer duration, than could be achieved by public relations activities alone. While there is no hard sell, the program targets Sara Lee purchasers. "Although nobody doesn't *like* Sara Lee, women *buy* the vast majority of the company's products, including L'eggs and Hanes hosiery and Coach leather goods, as well as its foods," says Hill.

For Rohm and Haas, the decision whether to place the corporate communications program with an ad or public relations agency came down to the firm that most closely united the two disciplines. "We invited a number of PR firms, among them a few of the New York giants, as well as advertising firms—including one handling our products—to give us an integrated ad/PR proposal," says Stefanini. "Ketchum Public Relations won, partly because of its relevant experience with Dow Chemical, and partly because of its close relationship with Ketchum Advertising." In fact, the Philly offices of Ketchum's ad and public relations groups are in the same building, on the same floor.

But why did R&H go in through the public relations door? "We felt that the PR side was better equipped both to do the PR and to make the connection with advertising, rather than the reverse," says Stefanini.

According to Ketchum Public Relations account executive Betsy Wollam, the ad and public relations teams meet monthly, and work closely to coordinate the program. "Although the ads are done on the ad side, the entire program is PR-driven," she says. "We're proud of how efficiently we work together."

Ketchum's Philadelphia office has several shared corporate public relations/ad accounts, and the route is increasingly becoming a two-way street. "We often bring in advertising people when we propose a program, and the ad people are now bringing us in, as well," says Wollam. "A further advantage is, regardless of the original balance, we are able to accommodate shifts in emphasis between the ad and PR sides as the account evolves."

Custody battles

Unlike product advertising, which is clearly the ward of the vice president of marketing (VPM), corporate advertising is the baby of the chief executive officer, who generally entrusts it to the director of corporate communications (DCC). Still, corporate advertising often sparks budget disputes between marketing and communications groups.

"Even when the VPM is handling a $300 million budget for product advertising, he or she considers the $3 million going to corporate advertising to be dollars that marketing should control—and control differently," says B-M's Hill.

Jurisdictional disputes also occur in the implementation of corporate advertising programs. "Usually the person who champions corporate advertising is the CEO, but he or she doesn't personally get the job done. Instead, the task typically falls to the DCC, who is probably a PR person," Hill says.

"Marketing VPs feel they, not corporate communications people, should [illegible]

The skills that are effective in selling toothpaste and shampoos, or any other products, are not the skills required for a corporate advertising program. So when the DCC calls upon product marketing people to execute the CEO's dream, problems of language, viewpoint and agenda often arise. "But if the DCC turns to PR people to handle the job, it turns out that, while they understand the issues, they may know nothing about doing ads," Hill says. "That's another reason why there has not been more and better corporate advertising."

Often, whether corporate advertising ends up with advertising or public relations professionals depends upon the entry point. "When Colgate wanted to develop corporate ads regarding the closing of their Jersey City, NJ, plant, they turned to B-M because we were already counseling them on corporate issues," says Hill.

Similarly, corporate advertising is often an outgrowth of investor relations, which is usually handled by public relations counselors. "The people who are already communicating about a company with the analysts and investors are the obvious choice to handle corporate advertising," Hill observes.

Most of the experts agree that corporate advertising goes hand in hand with other facets of corporate communications, including training company spokespersons to handle interviews, setting up press events and analyst meetings, and communicating with shareholders, legislators, and the community.

"Advertising people may be great with ads, but PR people know how to take it farther: how to work with complex issues and situations, not only how to direct attention where it is beneficial but also how to deflect attention away from the opposition," Hill contends. "This is beyond the realm of standard advertising."

Propagating the hybrid

Hill and Foster cite a need for corporate advertising and corporate communications specialists who can harness both advertising and public relations expertise. "Both Gregory Furman, Brouillard's senior president and managing director, and I, have experience in advertising and PR, on the client and counselor sides," says Foster, "and we're working to get our younger staff members conversant in both disciplines."

Hill sees corporate advertising increasingly moving into public relations firms because it rates more attention there. "For the typical ad agency, a $5 million budget for a corporate campaign is scarcely worth the cost and effort of dedicating experts to the account," he says. "But for a PR firm, that's a major piece of business on which no effort will be spared."

At B-M, Hill's expertise is used as a selling tool to win accounts, even if they ultimately do not include a corporate advertising component. "Having a corporate advertising consultant on board is a definite asset," he maintains. "We can help a client recognize what PR can and can't do, and what corporate ads can and can't do. For example, ads can't go into the depth that PR can." On the other hand, Foster notes, "PR can't achieve widespread awareness as fast as a corporate ad campaign."

The consensus among practitioners interviewed is that all corporate image communications elements need to be pulled together in an integrated marketing program. "Corporate advertising is becoming the company's voice, and an uncoordinated attempt to speak to the public is inefficient at best," says Foster. The voice must be that of the chief executive. "Unlike product advertising, in which you can create an image like the Marlboro Man, corporate images can be creat*ive*, but not creat*ed*," he adds. "They have to be firmly based in the reality of the company and its CEO."

To provide the right services, Brouillard may send a client out to one of its sister companies for a high-powered corporate identity overhaul, for a massive public relations campaign, or for certain kinds of advertising elements—all as part of a unified, structured plan.

Breeding familiarity

Foster observes that, with the rare exception in which familiarity breeds contempt—when corporate ads work against the company's desired image (a time when the company must stop all corporate communications, figure out what's wrong, and fix it)—"the better known you are, the better regarded you will be. Awareness breeds familiarity breeds favorability," he says.

Awareness or name recognition can be stimulated through corporate ads; familiarity with what the company does through ads and other communications tactics. Favorability—positive regard for how the company operates and what it produces—is affected by everything a company says and does, by its planned and unplanned communications.

If a company does not have the reputation it deserves, due to the lag time between change and perception of the change, or stubborn misconceptions based on outdated or false information, corporate communications can help set the record straight.

"If a company doesn't tell its own story, someone else—perhaps the media or the competition—may tell it for them, and not necessarily the way the company would like," Foster says.

While he extols the value of corporate advertising and communications, Foster emphasizes one important caveat: "Putting up a false front—whether distorting the facts, or inventing an image at odds with the company character—is a waste of money," he says. "No one can give a company a better reputation than it deserves." ☐

Joan Reisman is a Manhattan-based writer and consultant whose clients include public relations firms, ad agencies, corporations and hospitals. Among her articles in consumer and professional publications was the cover story on quality control in the March 1989 issue of Public Relations Journal.

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Corporate advertising expenditures:

Healthy increases the rule

Corporate expenditures

	9-MEDIA TOTAL	Consumer Magazines
REPORT TOTAL		
1988	1,249,656	388,228
1987	1,174,971	360,724
Percent change	6.4%	7.6%
1986	792,035	341,964
Percent change	48.3%	5.5%
1985	729,754	319,193
Percent change	8.5%	7.1%
1984	742,527	284,264

Association expenditures

	9-MEDIA TOTAL	Consumer Magazines
REPORT TOTAL		
1988	1,205,237	87,013
1987	1,102,706	85,643
Percent change	9.3%	1.6%
1986	844,607	79,898
Percent change	31.1%	7.2%
1985	647,045	73,638
Percent change	31.0%	8.5%
1984	477,402	56,020

The value of corporate advertising is borne out by its continued growth, outpacing advertising as a whole. For 18 years now, *Public Relations Journal* has been tracking trends in corporate and professional organization advertising expenditures.

The 1988 figures compiled by Leading National Advertisers/Arbitron Multi-Media Service show increases in companies' corporate advertising media expenditures overall, with gains in magazines, network TV and cable TV more than offsetting declines in spot and syndicated TV and a major drop (34.4%) in radio expenditures. Network TV spending, which surpassed magazines for the first time in 1987, increased its lead in 1988. Overall, corporate ad expenditures were up 6 percent from 1987, to $1.25 million.

Professional associations showed even more consistent rises in corporate ad spending overall (up 9 percent from 1987, to $1.21 million) and in every medium except outdoor advertising. The most notable jump was in cable TV (up 6 percent).

Comparing the list of the top 10 nine-media corporate advertisers for this year with 1987's list, Citicorp, K Mart and Macy Acquiring Corp. replaced Prudential Insurance, Chrysler and U.S. Sprint. The only change in the corresponding list of association spenders was the entry of the Chrysler Corporation Dealer Association and the exit of its Nissan counterpart.

While the spending levels of the top 10 corporate advertisers in *The Wall Street Journal* (*see tables, page 22*) were similar to those of 1987, the list of spenders changed. Last year's top spender, Drexel Burnham Lambert, which has been plagued by the insider trading scandal, dropped to fifth place, with just over half of its prior dollar volume. Four newcomers—IBM, United Technologies, Salomon Inc. and NYNEX—replaced JP Morgan, Citicorp, Goldman Sachs and Xerox.

Among associations, no one matched last year's highest *WSJ* advertising expenditure ($885,540 from American Gas). But in general, it took more money to make it into the top 10 this year. Half the names were not from the 1987 group.

Corporate advertising expenditures 1984–1988

nine media

(in $ thousands)

Newspaper Supplements	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
11,951	210,495	8,102	436,889	156,983	5,923	12,784	18,302
12,088	211,688	8,171	372,852	163,818	6,973	10,767	27,890
(1.1%)	—	—	17.2%	(4.2%)	(15.1%)	18.7%	(34.4%)
11,819	—	8,024	252,816	140,338	2,018	9,794	25,262
2.3%	—	1.8%	47.5%	16.7%	246.0%	10.0%	10.0%
10,343	—	4,498	266,973	103,979	—	11,317	13,451
14.3%	—	78.4%	(5.3%)	35.1%	—	(13.5%)	87.8%
9,698	—	3,298	338,138	97,199	—	—	9,930

Newspaper Supplements	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
3,724	125,831	6,315	173,605	768,191	6,760	15,835	17,962
3,614	96,253	7,349	156,625	722,464	5,554	9,685	15,519
3.0%	31.0%	(14.1%)	11.0%	6.3%	21.7%	64.0%	15.7%
5,865	—	8,108	148,509	572,961	3,346	6,160	19,760
(38.4%)	—	(9.4%)	5.5%	26.1%	66.1%	57.2%	(21.5%)
5,474	—	7,202	128,480	412,587	—	3,098	16,565
7.1%	—	12.6%	15.6%	38.9%	—	99.0%	19.3%
2,346	—	4,748	90,793	311,068	—	—	12,426

Source: LNA/Arbitron Multi-Media service as compiled and published by Leading National Advertisers, Inc. Cable TV media data was added to the database in 1985, syndicated TV in 1986 and Media Records newspapers in 1987. Numbers are rounded to nearest whole digit.

Although print ads in trade journals and such business media as *WSJ* and *The New York Times*, *Business Week*, *Forbes* and *Fortune* continue to be the mainstay of corporate advertising, the increases in network and cable TV are not surprising.

"TV is the quickest way to build awareness," says James Foster, president and CEO of Brouillard Communications. "Print can give you depth, and corporate ads will always need a print base to reach the targets TV misses, but TV can deliver more emotion and simplified messages through effective soundbites."

Foster adds that cable TV lends itself to segmenting audiences, making TV advertising more affordable than ever before.—*J.R.*

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Corporations

Parent Company	9-MEDIA TOTAL	Consumer Magazines
1. AT&T	93,190	13,631
2. Ford Motor	45,397	17,065
3. General Electric	40,013	2,111
4. Dow Chemical	34,625	3,283
5. IBM	34,029	10,298
6. Citicorp	33,842	5,432
7. General Motors	30,963	14,708
8. Sears Roebuck	30,623	5,384
9. K Mart	29,918	861
10. Macy Acquiring Corp	29,906	107
TOP 10 TOTAL	402,505	72,880
TOTAL: ALL OTHERS	846,486	315,348
Report Total (all companies reporting)	1,249,656	388,228

Associations

Parent Company	9-MEDIA TOTAL	Consum Magazi
1. GM Corp. Dealers Assn.	220,320	
2. Ford Auto Dealers Assn.	140,116	
3. Chrysler Corp. Dealers Assn.	113,648	
4. American Dairy Assn.	82,031	
5. Toyota Auto Dealers Assn.	67,521	
6. Hyundai Group	38,409	
7. Toyo Kogyo Co. Auto Dealers Assn.	37,589	
8. Honda Dealers Assn.	37,096	
9. National Live Stock & Meat Board	36,611	5,
10. Blue Cross & Blue Shield Assn.	36,181	2,
TOP 10 TOTAL	809,521	8,
TOTAL: ALL OTHERS	373,278	78,
Report Total (all companies reporting)	1,205,236	87

Top 10 corporate ad spenders

nine media

January to December 1988
(Ranked by total media dollars in $ thousands)

Newspaper Supplements	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
77	217	—	73,307	2,316	1,439	1,818	385
103	439	150	22,124	172	124	122	5,098
23	263	6	35,936	1,575	—	7	92
379	—	47	26,651	1,871	—	244	2,150
379	1,324	8	20,406	1,403	—	—	210
—	—	—	26,397	441	137	1,435	—
703	543	166	11,834	624	182	269	1,934
—	21,261	—	—	1,186	—	17	2,776
—	5,365	—	20,371	1,870	948	502	—
—	27,692	—	—	2,107	—	—	—
1,664	57,103	377	237,026	13,566	2,830	4,414	12,645
10,287	152,957	7,650	199,862	143,263	3,093	8,370	5,656
11,951	210,495	8,102	436,889	156,983	5,923	12,784	18,302

Newspaper Supplements	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
—	23,656	5	—	196,644	—	14	—
—	38,665	1,234	42	100,175	—	—	—
—	3,619	—	8,560	101,380	—	88	—
298	227	650	49,662	15,460	3,485	6,301	5,088
—	2,463	7	—	65,051	—	—	—
—	—	—	—	38,409	—	—	—
—	2,226	—	—	35,362	—	—	—
—	371	7	—	36,719	—	—	—
—	—	—	24,308	3,109	—	234	3,642
39	—	900	17,553	15,342	—	—	222
337	71,227	2,804	100,126	607,651	3,485	6,637	8,952
3,387	46,265	3,335	73,480	146,774	3,154	9,164	9,010
3,724	125,831	6,315	173,605	768,191	6,760	15,835	17,962

Source: LNA/Arbitron Multi-Media Service as compiled and published by Leading National Advertisers, Inc. Cable TV media data was added to database in 1985, syndicated TV in 1986 and Media Records newspapers in 1987. Numbers are rounded to nearest whole digit.

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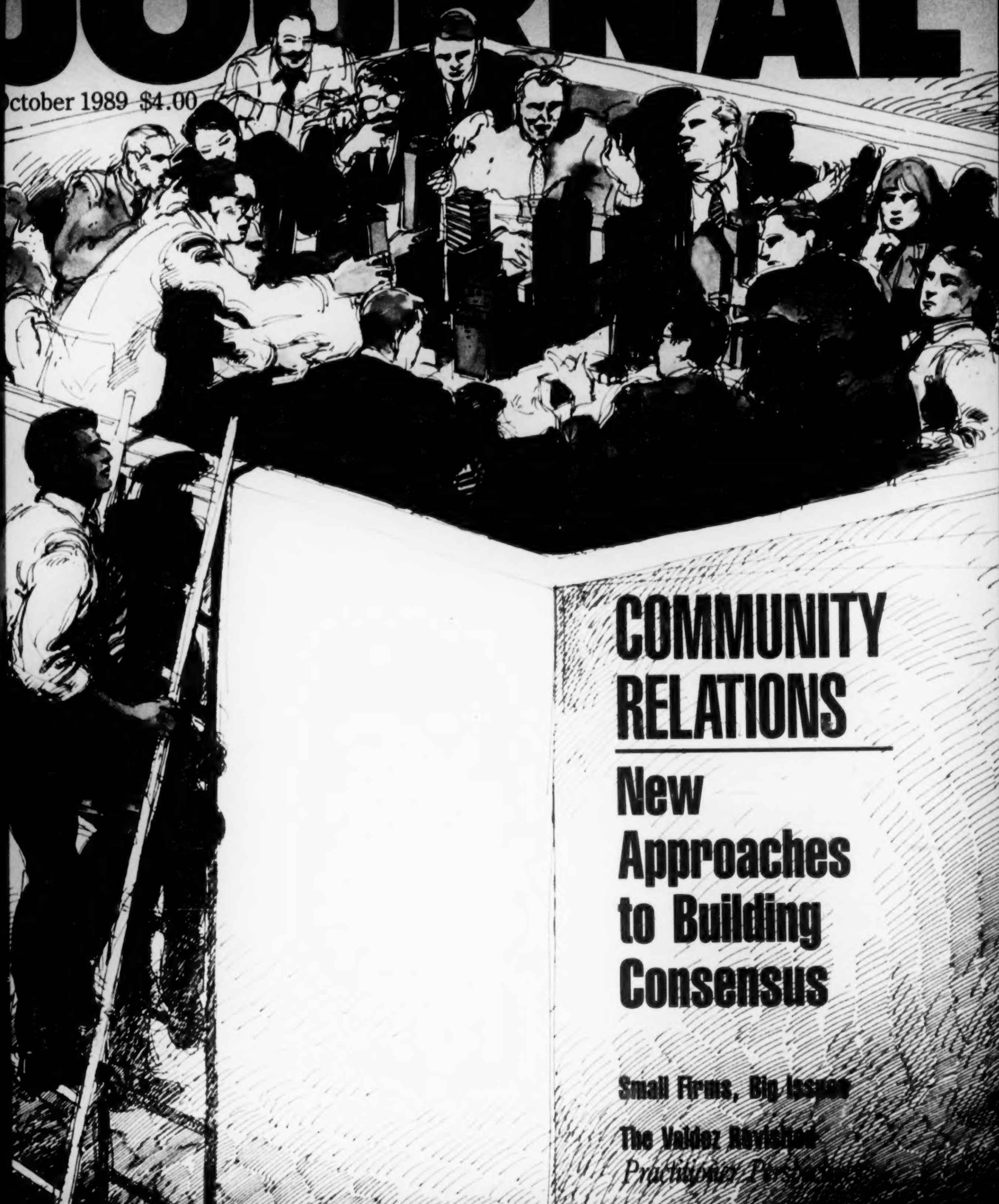

COMMUNITY RELATIONS

New Approaches to Building Consensus

Small Firms, Big Issues

The Valdez Revisited

Practitioner Perspectives

PUBLIC RELATIONS JOURNAL

October 1989 Vol. 45 No. 10

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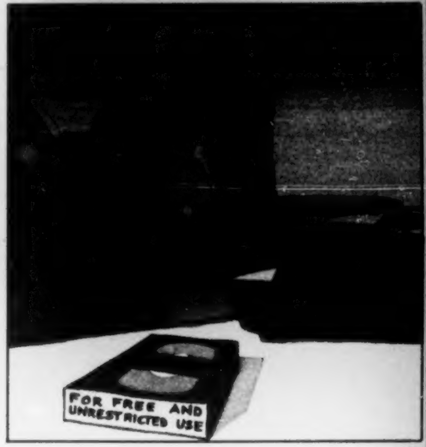

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INSIDE TRACK

Consensus from within and without

This issue of *PRJ* focuses on the topic of consensus, from several directions. First, there's a snapshot of what's happening in the very much evolving field of community relations *(page 24)*. CR has become both more crucial than ever, but at the same time, in many respects harder to define. While the very business of CR is creating consensus, there is no clear consensus within the field about what CR itself is and should be. Does it encompass crisis management? Issues management? Philanthropy? Marketing? All of the above? Are CR managers, traditionally not singled out as "stars" within the PR community, now coming into their own?

Writer/practitioner Mary Lowengard put these questions to CR experts across the country and came up with an intriguing array of viewpoints, as well as pertinent case studies of the myriad ways CR is being applied today for the benefit of both for-profit and nonprofit organizations.

In another piece, two experts in crisis communication survey the viewpoints of their colleagues as to what went wrong and right with the public relations/CR effort following the Exxon Valdez oil spill *(page 40)*. While the not-surprising consensus is that a great deal more could have been done to win the nation's trust and avoid the still-hovering cloud of criticism, the authors have concentrated on gathering useful insights into the specific lessons to be learned from a professional standpoint. The basics of good, solid crisis management change very little from year to year, but the nuances involved in an incident of this magnitude make for thoughtful and sobering reading.

Moving into management issues ... Whatever business they're in, all entrepreneurs are naturally curious about how their peers are faring and how they're coping with similar problems. Dan Baer, himself a principal in an independent, L.A.-based firm, recently asked 15 owners of small to medium-sized public relations firms in various regions of the country to open up and talk about how they, personally, are affected by issues such as mergers, acquisitions, competition, diversification vs. specialization and the struggle to balance growth and profitability. What emerged was a sort of combination focus group/networking session in print *(page 32)*. Would-be public relations entrepreneurs will probably be particularly interested in the responses of these professionals to the question: "If you could give others one piece of advice on starting a firm, based on your own experience, what would it be?" *(page 35)*.

With PRSA's Annual Conference coming up this month in Dallas, I'll be heading out to cover the events, along with Judy Gordon and Adam Shell, who will be meeting some of you for the first time. We're all looking forward to talking with you and hope you'll be ready to share your ideas and recent professional experiences with us. See you there ...

Karlene Lukovitz, Editor

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of people whose experience was limited to what they called "pitching." They were in the business of telephoning editors all day long to try to interest them in preparing articles on subjects of interest to clients.

Admittedly, the pitches often followed a press release or press kit sent to the editors previously. But the pitch-artists I interviewed did not write the releases or kits, I learned. That was done by obscure individuals way back in the hidden recesses of the agency.

Contrary to what might be thought, these pitches were being made routinely not only—or primarily—to media that prepare their own articles, but to trade media that regularly accept submitted articles.

"Why don't you just write an article and submit it to the magazine?" I asked one of the pitch-artist job candidates. "I really don't know," was the answer.

"Could you write such an article?" I asked. "My job was not writing," was the testy answer. "It was pitching."

"Would you like a job that combined writing with a certain amount of pitching of articles you wrote?" I pressed the candidate, who expressed no interest at all in my proposal.

Indeed, my impression was that to this candidate—and several others—writing lacked both dignity and excitement: it was not where public relations was at. It was for plodders. I feel sorry for the editors who are the objects of these pitch-artists.

Is it any wonder that editors are wary of public relations practitioners or that the Public Relations Society of America rightly places so much emphasis on professionalism and professional education?

Martin Wank
President
Wank Associates
Greenvale, NY

Correction: In the September issue, a column in the tables on *The Wall Street Journal* advertising, page 22, should have been changed to read "lineage" instead of LNA's terminology, "pages." On page 28, two references in the text to corporate ad expenditures should have read "million" instead of "billion."

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community relations to cross the line from "optional" to "legally mandatory" virtually overnight. Consciousness of immediate environmental concerns was raised tremendously in communities across the country.

Gossling contends that "what used to work well was community relations or public relations people spending a lot of time in the community." But, he asserts, since the public has become savvy about environmental issues, thanks to the EPA and the media, community involvement programs have replaced community relations programs. These days, the community wants to be involved in decisions that affect them; consequently, "effective community relations is responding to your critics, not stonewalling them," he says.

"The new role I'm encouraging my clients to take in community relations," continues Gossling, "is that of orchestrator, rather than communicator." It is his contention that the public "will no longer listen to a person who carries a business card that says, 'senior public relations representative.'" People want to hear from engineers, scientists and management, he maintains—"the people who will be spending the money to solve the problem and the architects of solving it." Boston Edison, among others, has very successfully employed this approach (*see sidebar, page 29*).

Responding to the community effectively goes beyond renting out the local high school auditorium, placing an ad in the local paper and letting the audience pelt the experts with questions. "What that generally deteriorates into is mass hysteria, rather than mass communication," maintains Gossling. "The mass meeting is not cutting edge," he emphasizes, "even though a lot of corporations still think so."

Gossling advocates a move from mass communication to one-on-one. One of the techniques he uses is the "traveling science fair," an exhibit that includes six to eight booths, each manned by two to three "experts." "The most valuable aspect," he says, "is that the community can come and stand belly-to-belly with the expert. Juxtapose this to a mass meeting of 1,000 shouting people. That's probably the only time a PR person *doesn't* want to see a big crowd."

New methods emerging

Other emerging community relations techniques include the practice of dispute resolution and use of public participation groups.

Dispute resolution brings together opposing sides of an issue by creating the channels of communication between

CR: For most, a part-time profession

Despite the field's growing importance, for most practitioners involved in community relations, CR is a part-time profession, according to two separate surveys conducted in 1987 and 1988 by The Center for Corporate Community Relations at Boston College.

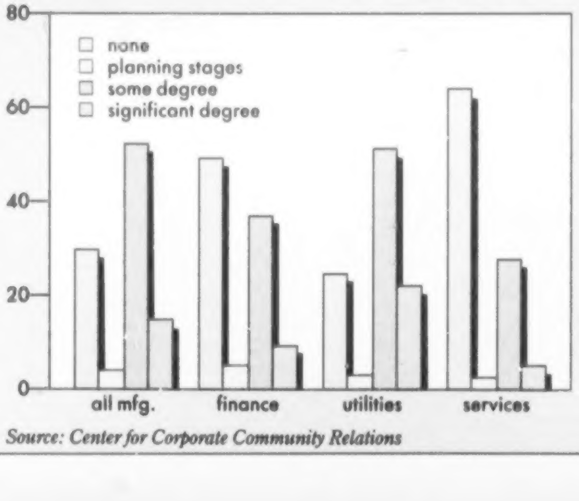
Among the 612 respondents to the 1988 survey (out of a mailed questionnaire sample size of 3,600 CR professionals), average time spent on CR was 47 percent (down from 53 percent in the 1987 survey). Only 8 percent reported working full-time on CR, about the same as in 1987.

Community relations, the researchers concluded, is largely "staffed by people who began their careers in related fields and who continue to shift their time back and forth between CR and these related fields—in particular, public relations and communications, public and governmental affairs and employee relations."

Other highlights of the studies:

- The field seems to be "protected" from corporate cutbacks because of its generally less-than-full-time status. In most departments in which CR responsibilities are located, resources are shifted among the related fields so that CR managers pick up more public relations, public affairs or employee relations responsibilities rather than lose their jobs or experience serious staff and budget cutbacks.
- Inter-company mobility, generally very limited in CR, may be on the rise. The percentage of CR professionals reporting that they have spent their entire career in the field in one company declined from 70 to 64 percent between 1987 and 1988.
- General public relations is the most common field from which to enter the CR specialty (22 percent described their previous job as public relations). The other common launching points include business manager/financial officer/assistant to the president/other professional staff positions (12 percent); support staff positions/secretary/administrative assistant (9 percent); public affairs (8 percent); personnel (8 percent); line manager (4 percent).
- Median income for the 1988 sample as a whole was $40,000 to $50,000.
- Despite mergers and acquisitions and downsizing, respondents were optimistic about budgets and staffs for 1989. For budgets, 54 percent projected increases, 35 percent no change and only 11 percent expected decreases. Regarding staffs, 75 percent expected no change, 19 percent expected increases and 7 percent expected decreases.
- Decentralization—the shift of CR responsibilities to line managers in plants, branch offices and service facilities—may have reached a peak, at least in some sectors. While 57 percent say the CR function has been decentralized to some degree in their departments, and 4 percent say decentralization is being planned, 39 percent report no decentralization and no plans to do so. Sectors most likely to be decentralized include public utilities and manufacturing companies (other than high-tech or publishing); those least decentralized include insurance, health and other services.—*K.L.*

Decentralization of CR responsibility, by industry group



Source: Center for Corporate Community Relations force and funding and priority to doing that. Yet, that's not something they have been credited with."

Dennis Kelso, commissioner of the Alaska Department of Environmental Conservation, offers Exxon a pat on the back. "I've tried to give credit where it is due, and have said that the [cleanup] mobilization represents a substantial effort at substantial cost," he says. But he also contends they wasted time posing for media effect: "We have documented instances in which crews were moved around to be present when media arrived."

•*Apart from the big picture, local loyalty messages can work (at least in the near term), provided there is no personal risk.*

On the heels of other national, negative stories related to consumer products (e.g., Tylenol and Alar), consumers perceived a personal health risk and quickly, spontaneously and very substantially cut purchases. Consumers can also be prodded into boycotts or other buying-habit changes by activists who plug into fears and resentments aimed at companies and their products.

Neither reaction seems to have occurred following the Valdez spill. While an NBC/*Wall Street Journal* poll in mid-April revealed strong negative attitudes about Exxon (77 percent of respondents thought Exxon "could have done more" to clean up), other polls showed relatively scant use of the most obvious way to express recrimination: boycotting. Eleven percent of adults polled by Yankelovich Clancy Shulman on May 4 claimed that they had stopped buying Exxon gasoline.

Communication may have helped separate the local interest from the environmental story. Soon after the spill, the local-loyalty message (don't blame the local gas station for the problem) appeared in local newspaper, radio and TV ads, and in some local news interviews. Whether because of goodwill at the neighborhood station level, brand loyalty or convenience, Exxon customers kept buying.

•*When the crisis is in a remote location, stationing the media center at the disaster scene can significantly handicap attempts to manage the news relations.*

Soon after the incident, Rick Hagar of *Oil and Gas Journal* noted in an editorial:

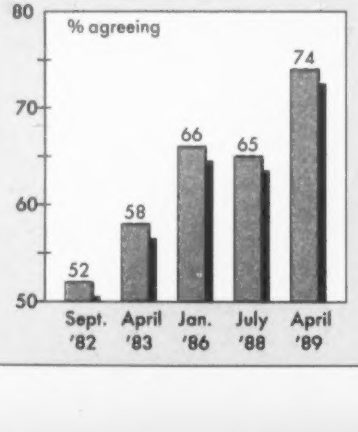
The polls: an ambivalent public

Polls taken in April and May revealed a public angered by the Valdez spill but not prepared to punish Exxon through boycotts. The public appears resigned to future disasters.

In an NBC/*Wall Street Journal* poll taken in mid-April, 77 percent of respondents thought Exxon "could have done more" to clean up after the spill. But results from other polls suggest a lack of recrimination. A Yankelovich Clancy Shulman poll of May 4 found that 11 percent of adults had stopped buying Exxon gasoline, and another 11 percent said they had considered doing so. Still, 72 percent said they were not boycotting the company's gas.

Yet, at the same time, consider a poll conducted periodically since 1982 by CBS and *The New York Times*, which asks people if "protecting the environment is so important that requirements . . . cannot be too high, and . . . improvements must be made regardless of cost" (below). Post-Valdez results clearly seem to indicate a strong impact on the public consciousness.

Environmental protection: no cost too high?



Public opinion polls taken between 1982 and 1989 asked whether protecting the environment is so important that requirements cannot be too high and improvements must be made regardless of cost. Whereas the percentage of those agreeing rose gradually between '82 and '88, it jumped by nine points between '88 and the next poll in '89—taken just after the Valdez spill.

Source: New York Times/CBS surveys

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The market forces that have pushed print media toward serving more and more specialized niches have also intensified competition among publications. Public relations practitioners and print journalists reveal their perceptions of how this new environment is altering traditional media relations and placement practices. *Mary Sabolik*

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Mergers and acquisitions, cable and other encroachers, and an increasingly thin line between news and entertainment mean major headaches for network producers—but new opportunities for savvy practitioners. *James F. Plante*

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With the advent of stations geared to specialized audiences, and the schism between AM and FM formats, practitioners seeking to harness the considerable power of radio news are finding that there's no substitute for listening and learning. *Bill Patterson*

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For many public relations firms and departments, DTP has already become an indispensable tool for putting out client and self-promotion materials. Still, there are some real potential pitfalls, and DTP isn't cost-effective for every operation. Practitioners share their good and not-so-good DTP experiences. *Judy A. Gordon*

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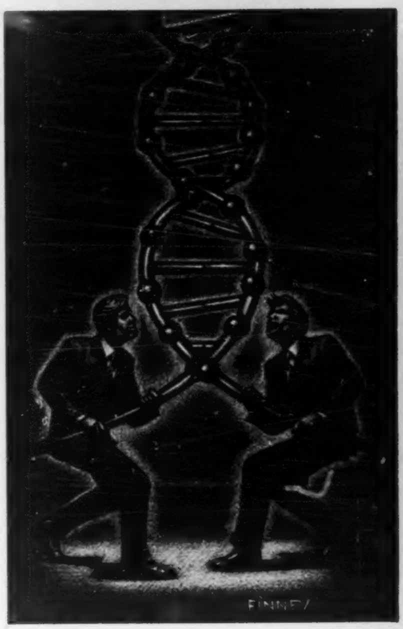

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Cover illustration: *Lightscapes*

INSIDE TRACK

So close, yet so far

Recently, a few corporate executives have openly expressed the opinion that communicating with the media is just plain bad strategy.

According to this line of reasoning, giving any substantive information to the press amounts to volunteering your game plan to competitors.

Public relations professionals have heard this all before, of course, but it's still jarring to realize that business leaders can take such a blatantly cavalier attitude toward the media—particularly in the wake of the Exxon Valdez disaster.

This kind of short-sighted and ultimately self-destructive thinking is also particularly unfortunate at this juncture, when conditions are ripe for companies to build stronger working relationships with the media than ever before. As the sources quoted in our special section on media relations *(starting on page 14)* point out, the media's reduced resources and increased competitive pressures are presenting public relations professionals with an exceptional opportunity to change lingering, negative perceptions of the field among some old-line journalists and form strong, lasting bonds with up-and-coming members of the press.

Even major-market, "big-name" journalists are more receptive to, and attuned to the value of, truly professional public relations practitioners. They will work with practitioners who can offer them timely, audience-relevant ideas, the background and facts they need to shape those ideas into accurate, informative and meaningful stories, and straight answers to difficult questions. The more such pros they encounter, the more receptive they will be.

These competent media relations professionals are not produced overnight, however. The public relations profession is constantly striving to attract bright, young people and train them to embrace a market, make it their own, and become partners with the media people who are trying to serve the same market. It's a never-ending challenge to which the field gladly applies its resources, because it is its future. Whatever public relations specialty they may ultimately enter, practitioners will always use their media relations skills.

As a result of the profession's efforts, the caliber of practitioners dealing with the press has improved, although journalists say they still get too many calls from people who have no concept of how to help them serve their increasingly specialized audiences.

In the course of so much progress, it would be unfortunate indeed if media representatives now began to encounter a series of stonewalling corporate throwbacks masquerading as public relations people.

Karlene Lukovitz, Editor

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Photos: Lightscapes

PRINT MEDIA

Placement Strategies for the New Segmentation

Mary Sabolik

Today, it's possible to make more targeted and powerful placements in newspapers, consumer magazines and trade publications than ever before—*If* you understand why and how the needs of these media are changing . . .

What's happening in the world of print media can best be summarized by the words of John Emery, president of the Association of Business Publishers (ABP): "Segmentation is the name of the game." While it may not exactly be news, public relations practitioners and media representatives alike agree that this trend, which began in the 1970s, has contributed to nearly every major development in the print media in this decade and will continue to do so in the next.

The specialization is largely market-driven. As advertisers seek to reach specific segments of the consumer population, publishers try to deliver them, often by fine-tuning or otherwise adjusting their editorial product, and sometimes by spinning off or acquiring new properties. As Emery notes, "If you stand pat, someone else is going to go out and segment your market for you."

This trend, known as micro-marketing, doesn't stop there. A host of new, non-traditional advertising vehicles have entered the fray. Traditional print media outlets such as newspapers, consumer magazines, and specialized business or trade magazines are now faced with some entirely new competition aside from their old nemesis, the electronic media. Innovative marketing ideas such as wallboards or posters in schools and doctors' offices and devices such as electronic coupons at the supermarket cash register are growing in appeal and gaining the attention of major advertisers.

Micro-marketing is also having its effect on public relations goals and strategies. "Because of the necessity to reach different publics, clients increasingly are turning to different media categories," points out Jonathan Schenker, APR, vice president and director of media relations at Ketchum Public Relations. Most, he says, are now focusing on fewer, more targeted outlets. This less-is-more approach means looking not only at a publication's name and prestige, but paying more attention to its table of contents and asking, "Is this the best outlet for me?"

Not surprisingly, all of this has had a significant impact on media relations. "The days of the mass mailing producing boxes of clips are gone," says Sue Bohle, APR, president of The Bohle Company, Los Angeles, one of many practitioners—and reporters—who made similar comments. David Olmos, a staff writer who covers technology and aerospace for the Orange County edition of *The Los Angeles Times*, criticizes mass mailings as "a waste of clients' money." In their place is what Bohle calls "the belly-to-belly, or one-on-one placement." Schenker concurs, pointing out that the challenge now is "to target and shape and strategize even tighter."

Newspapers: Reformatting for survival

Newspapers have been hardest hit by the specialized publication explosion. As Gary Hoenig, editor of *News Inc.*, a new trade magazine covering the newspaper industry, has observed, "What was once the only source of information, and even recently the dominant source, is now just another alternative in a world drowning in information."

Reflecting this new reality, newspapers' circulation and share of ad dollars have been steadily losing ground. According to the American Newspaper Publishers Association (ANPA), 1988 was the third consecutive year in which newspapers gave up share of total ad spending to other media. As reported in ANPA's *Presstime*, "Although newspapers remain the largest advertising medium, with overall newspaper expenditures growing 6.1 percent in 1988 to $31.2 billion, their share of the pie decreased half a percentage point, to 26.3 percent." Gaining, at newspapers' expense, were direct mail, the third largest medium by ad revenue, and television, the second largest.

Compounding this problem, growth in total U.S. weekday circulation was virtually stagnant in 1988, increasing a mere 0.2 percent from the previous year. And while morning circulation gained slightly (2.5 percent), evening circulation continued its 23-year decline, dropping 3.7 percent. Sunday circulation, which jumped 6.6 percent from 1986 to 1987 and had been considered an area of growth potential for many newspapers, was up a scant .18 percent.

Jim Dunaway, director of information for the Newspaper Advertising Bureau (NAB), tempers this information by noting that daily circulation is at an all-time high of 62.9 million, and that newspapers' share of total ad expenditures has remained fairly constant from 1982 to 1988, ranging between 26.3 and 27.2 percent.

Still, Dunaway admits that the slowdown in growth has contributed to a "conscious reduction in overhead" at many newspapers, which appears to be borne out by the experience of both reporters and public relations professionals.

Looking for input

Pete Lewis, computer columnist for *The New York Times*, finds that with the financial side flat or declining somewhat, there is a tremendous pressure on newspapers to contain costs, whether they are major dailies or smaller, less established publications. Lewis, a former assistant financial editor at *The Times*, says that because there are now fewer people on the editorial staff doing more work, the paper is less likely to give columnists free rein to go out and cover numerous events.

While this may make it tougher for practitioners to get reporters to press conferences, it also represents a real opportunity for increasing other contact. "Aware that dollars are scarce," says Lewis, "I depend more and more on PR people to keep me posted."

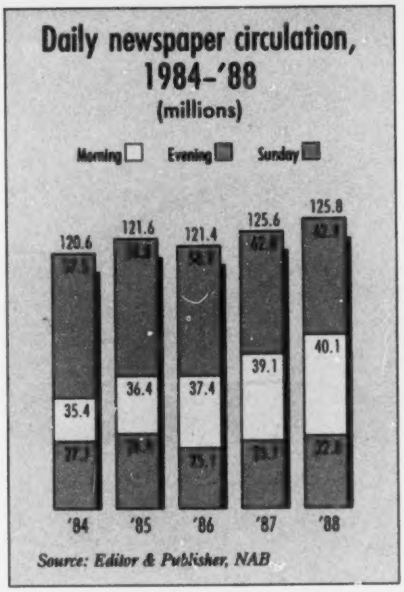
Lewis also observes that developments in the newspaper business closely parallel those in the industry he covers, computers: Both are maturing industries experiencing less rapid growth overall but constantly introducing new products or applications. He is well aware of the increased competition he faces from so many other business and computer publications: "I can't match the monthlies on depth of coverage and I can't match the weeklies on amount of coverage."

Instead, Lewis explains, he looks for items about new products and developments with practical applications for *The Times*' general audience of "informed, intelligent people," who can then turn to the wide array of nitty-gritty computer publications for more explicit information. Surprisingly, he finds that a great many public relations people don't understand this, and continue to approach him with esoteric material. Effective public relations people, he says, are the ones who know his readership.

He also stresses that public relations people need to help reporters cope with the "leaner and meaner environment." This means that the standard press release will no longer suffice. Releases that get his attention, he says, have pitches truly tailored to his readership, and also identify the major points in a story, "not just spew out statistics."

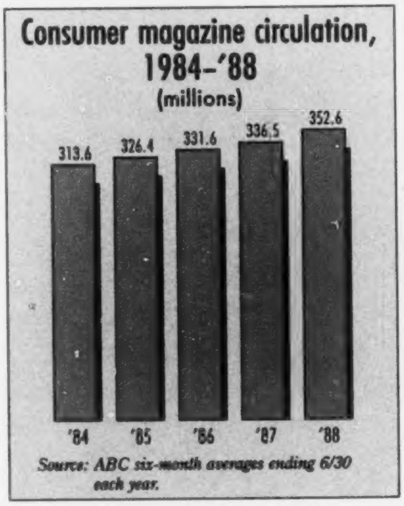
"The smart PR people find the opportunities, present them and then break their backs to provide the resources to get the placement," concurs Charles Boyd, APR, corporate communications director for SundtCorp., a commercial and industrial contractor headquartered in Tucson, Arizona, who says he has indeed found new opportunities for placements in the many newspapers in his area that are struggling with limited resources.

Boyd, whose company operates primarily on the West Coast, works frequently with the editors of the business pages of many local and regional newspapers. Recently, he has been particularly successful with photo placements. He attributes this to having identified a need—newspapers' desire, but limited budget, for high-quality editorial photography—and to consistently filling that need.



Source: Editor & Publisher, NAB

Total circulation of U.S. dailies, including morning, evening and Sunday editions, has edged up by a total of 5.2 percent during the past five years, to 125.8 million in 1988.



Source: ABC six-month averages ending 6/30 each year.

Total per-issue circulation of consumer magazines rose 12.5 percent between 1984 and 1988, and the number of magazines audited increased from 473 to 541.

While the specific need and the resulting opportunity may be new, Boyd, who also teaches a course in public relations at the University of Arizona, stresses that "The essence of good media relations continues to be the ability to find a story idea that connects with a company goal but is also something the newspaper wants." Good media placements will always require hard work and a lot of homework, whatever the current needs or problems of a media outlet, he says, noting that even simple slip ups, like referring to a newspaper's "Business" section when they in fact call it the "Money" section, can alienate an editor and kill a conversation. He feels that you don't need to know reporters and editors personally, but that you do need to know how they work and what interests them in order to build long-term relationships.

Give us a graphic, please

Boyd's experience with photo placements and what he describes as a "higher demand for graphic look," is evidence of a newspaper trend that began several years ago and has since gained momentum: the use of sophisticated graphics to put a story across to readers.

Stuart Elliott, a business reporter who covers advertising and marketing for *USA Today*, whose colorful, graphics-packed format set other newspapers scrambling to emulate it, agrees that the trend opens new types of placement opportunities for publicists.

He points to *USA Today*'s "Snapshots" —the front-page box featuring statistical trends—as a prime example of the at-a-glance information that many newspapers are now providing. "It doesn't redefine the news," he says, "but it does redefine what a newspaper will publish"—a comment that underlines a growing similarity between print and television.

Bohle notes that, while surveys have always been good, "right now, art is key. The beautiful press kit just isn't important anymore; supplying artwork is more important." Newspapers are eager for everything from charts and graphs to photos and logos, she says.

Supporting these observations is a study in *Journalism Quarterly* last fall, conducted by Edward J. Smith and Donna J. Hajash of the journalism faculty at Texas A&M University. They analyzed use of informational graphics in a randomly selected, national sample of 30 newspapers for the week of October 28, 1986, and found that the number of graphics used ranged from seven to 63, with an average of 31.6 per paper for the week.

The most frequently used types of graphics were maps, accounting for 46 percent of the total, followed by bar charts, at 17 percent. Although an increasing number of papers are moving to color presses (including *The New York Times*, which made quite a splash by announcing that it will add color to non-magazine Sunday sections within the next year or two), 88 percent of the graphics analyzed were in black and white, with only 5 percent in four-color. And, while slightly more than half the graphics appeared to be locally produced, non-local sources included syndicates, wire services, government agencies and public relations firms.

Hungry for business news

Elliott also mentions the continuation of another important trend in newspapers that can lead to new placements: the boom in business news. He notes that mainstream publications such as his own are now covering topics that were once the sole domain of trade publications. Elliott, whose *USA Today* advertising/marketing column appears about twice per week, points out that *The New York Times* and *The Wall Street Journal* have also beefed-up their coverage of advertising, marketing and media by instituting new columns and sections, as well as hiring reporters to cover these beats.

Some media watchers see traditional boundaries between print and other media breaking down

Though this may seem to be an indication of bigger editorial spending, such dollar outputs are closely linked to anticipated revenue returns. As *Inside Print* magazine reported last spring, *The Times* and *WSJ* "are busy expanding their coverage of business news in order to broaden their markets and recoup some of the revenue losses from the drastic drop-off in financial services advertising after the October stock market crash."

Newspaper journalists contend that, while public relations people have been quick to respond and contact these new outlets, many still fail to recognize that the increased competition among reporters covering these areas has led to more highly individualized coverage that combines reader demographics with a reporter's own interests and agenda.

Lewis, Elliott and many other reporters interviewed lament that they still are continually approached by people who clearly don't even read their publications.

Consumer magazines: Niches and cross-marketing

Nowhere is the segmentation of media outlets more noticeable than in the consumer magazine industry. Like amoebas, established magazine networks continue to divide and subdivide, spawning spin-off publications for more specialized audiences. As Jim Autry, president of Meredith Corporation's Magazine Division, recently told *Adweek*, "We're past the time where we can think of magazines like *Better Homes and Gardens, Good Housekeeping* or *Time* as institutions. Large magazine companies are learning to introduce special interest magazines."

One illustration of this is Meredith's recent venture, *Country America*, a lifestyle magazine for country music fans and those who enjoy the country way of life, published in association with The Nashville Network and Group W Satellite Communications. The magazine, the company's latest addition to a growing stable of successful special interest publications, has piqued the interest of other publishers and the advertising community by further stretching the definition of "value-added advertising"—a ubiquitous phrase among publishers that is shorthand for any merchandising or cross-marketing technique that may help lure advertisers.

Part of the magazine's strategy is offering advertisers the chance to have their print ads actually shown on television during airing of a country music show produced and distributed by Meredith's partners in the venture. The concept is considered by media-watchers to be another indication that barriers between print and other vehicles are breaking down—a trend being accelerated by the growing number of media conglomerates that own a variety of print and non-print vehicles.

Other indications of this direction include "magazines" being offered in floppy disk and cassette formats, and magazine names and formats lending themselves to a growing number of television shows. While advertisers may benefit from this trend, so may public relations practitioners: Placements originally made in magazines may be recycled and turn up in other formats. (Conversely, damaging stories may also get wider play.)

The new Time Warner, whose Time half was founded on the success of mass-market magazines, is also increasingly demonstrating a bent toward specializa-

Trade publications

Not pushovers anymore

If you still think that trade magazines—which now prefer to be called specialized or vertical business magazines—are guaranteed outlets for verbatim product releases and/or self-serving articles, guess again.

A recent survey of editors of 50 trade magazines in 16 different fields, conducted by Ketchum Public Relations, confirms that the trades' editorial capabilities and standards should not be underestimated. Asked how they prefer to obtain articles, for example, 28 editors said they prefer staff-written articles, while only nine said they prefer submitted pieces. (Thirteen said they use both.) Editors complained that submitted materials are too often incomplete or "puff pieces."

Asked to rate method of contact on a scale of one to five, one-on-one interviews were ranked highest by 32 editors, written materials by 20, in-person press conferences by six and editorial roundtables and telephone press conferences by two each. The researchers' not-surprising conclusion: Written materials cannot substitute for regular, personal contact with these journalists. And, practitioners are warned, "self-congratulatory pitches about products that have been on the market for five years" or free advertising posing as public relations are liable to backfire.

What kinds of issues do editors consider most important to their readers? Twenty-nine editors ranked current industry trends as most important. Respondents said that they want to know how innovations can be used to generate efficiencies today, not about pie-in-the-sky ideas that may yield results in 20 years. In short, while 20 editors ranked "technology applications" as very important, products do need to be positioned in the context of trends within specific, vertical markets—particularly given that 31 editors said they devote 30 percent or less of the space in their publications to new technology. Relatively few editors feel that information about a company's performance or "innovative management" is important.—*K.L.*

tion. In September, Time announced that it would launch its first trade magazine by totally repositioning its 50-percent-owned consumer health and fitness publication, *Hippocrates*, to direct it to physicians. The consumer version will continue with a new name, *In Health*.

In announcing the *Hippocrates* move, Christopher Meigher, executive vice president and group publisher of Time Magazines, said that while Time Warner wasn't contemplating a wholesale move into trade magazines, the company might consider spin-offs of other existing titles, such as a magazine for top financial executives derived from *Money* magazine.

Savvy practitioners also haven't failed to note that *Hippocrates* is only one of a growing number of magazines being run as partnerships or joint ventures. Often, these magazines are infused with capital by the big publishers, but controlled editorially and operated by the entrepreneurs who founded them—a type of arrangement that's emerged in recent years, as the giants have moved away from costly and risky in-house start-ups.

On the rebound

The motivation for all this is identification and ownership of new market niches that will attract additional sources of revenue. Publishers of consumer and general business magazines haven't forgotten the lean years they experienced only too recently. Advertising revenues were flat in 1985 and 1986, finally registering an increase of 5.5 percent in 1987, according to P. Robert Farley, senior vice president and general manager of the Magazine Publishers of America (MPA).

More aggressive marketing helped consumer and general business magazines to rebound in 1988, with ad revenues and pages setting new records and posting gains of 8.7 and 2.6 percent, respectively. Ad pages continued to surge upward in the first half of this year, setting another record high and jumping 4.4 percent above those logged during the first six months of 1988, which brought revenues up 12.4 percent, according to the Publishers Information Bureau (PIB).

On the other hand, advertising rate cutting is said to be more prevalent than ever, and some have questioned whether PIB's revenue estimates are for this reason somewhat inflated. Moreover, in the past few years, many companies that were once heavy advertisers have been directing their marketing dollars into in-store and other promotions that produce an immediate, short-term sales boost.

General business magazines were among those that suffered most from the mid-'80s lag in ad pages and the ripple effect of the stock market crash. William Glasgall, international economics editor at *Business Week*, maintains that his magazine "didn't get clobbered nearly as much" as many of its competitors, but acknowledges that "this is still not a time for runaway spending." However, he asserts that "the news dictates what gets spent," and that economic considerations have not affected his ability to travel and cover important events.

Meanwhile, the other consumer magazine revenue stream, circulation, also continues to grow: In total, it climbed 31 percent between 1977 and 1987, despite persistent declines in newsstand sales.

Competition among magazines is spawning 'dirty pool' placement tactics, some contend

Overall, Farley maintains, the outlook for magazines remains strong, given their exceptional ability for target marketing and some recent movement back toward putting dollars into advertising instead of promotion. He also notes that the market value of magazine properties continues to rise, making them "the hottest medium" for acquisitions. (Magazines surveyed by MPA/Price Waterhouse had, on average, a 12.4 percent pre-tax operating profit for 1988, down one percentage point from '87, but publishers attribute this to rising paper and other costs.)

Magazines that stay healthy, he adds, are the ones that are constantly changing in order to retain editorial vitality and stay "just a little bit ahead" of the competition. Often, the changes are subtle; the text type is slightly enlarged, a new column is added or an existing one revamped. With magazines now hustling more than ever to keep that cutting edge, practitioners who monitor key publications for new placement opportunities may also have an edge.

A wealth of new outlets

The relatively stable climate and the flowering of target marketing have encouraged new entries into the magazine market. According to the MPA, a total of 491 new publications were launched in 1988, substantially topping the average of about 400 new magazines a year. The top 10 launch categories and the number of new magazines in each were: sports (42), lifestyle/service (37), automotive (29), city/regional (27), computer (25), home service/home (24) and music (23). And, despite the daunting prospects for failure, 20 percent of each year's new introductions manage to survive after three years.

All of this means that those in media relations now have a vibrant new field of special interest consumer magazines from which to choose when implementing their own more targeted information distribution strategies for clients.

Jonathan Schenker of Ketchum Public Relations, who oversees the firm's media relations in nine offices around the country and writes a media relations newsletter called "Ketchum Contact," points out that changing demographics were responsible for the emergence of many of the new magazines introduced in this decade, and for the editorial repositioning of some existing ones. In 1987, he identified three key target generations: kids, or children of the baby boom generation; boomers, the baby boomers themselves; and late bloomers, parents of the baby boomers. All of these groups have the discretionary income coveted by major marketers.

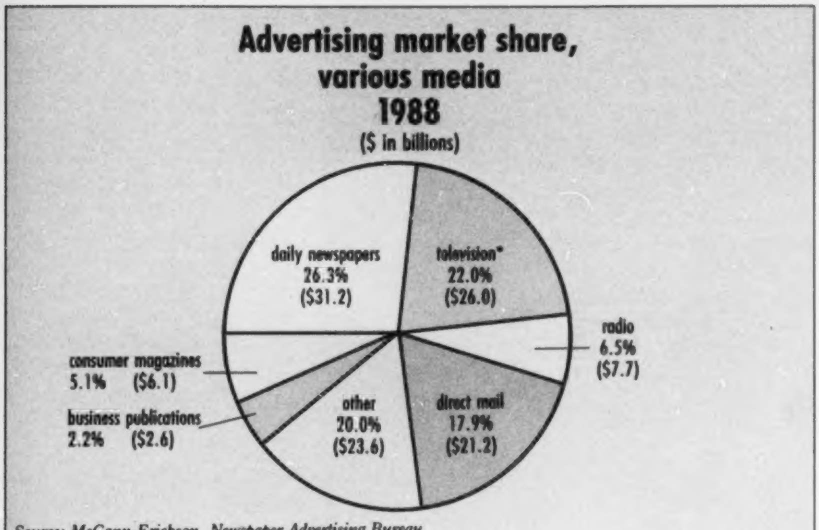
Today, Schenker says, the fastest-growing segments of the market are the younger and older generations. New magazines such as *Sassy* and *Teenage* serve the kids; *Mirabella*, *Grandparents* and *Lear's*, the late bloomers.

He also points out that there are now more magazines directed at minority and ethnic groups such as blacks, Hispanics and Asian Americans than ever before, and adds that many of his clients are increasingly looking for opportunities to reach these population segments.

"Naughty news" and questionable tactics

But Schenker also issues a warning: while these new magazines provide abundant placement potential, the competition among them is intense. One result is that "naughty news"—Schenker's term for gossip and celebrity journalism—has jumped out of the tabloids and into a variety of consumer and even trade publications. It is the foundation of successful magazine launches such as *People* and *Interview* and newcomers *Fame* and *Smart*, and it has made public celebrities out of Lee Iacocca and other business executives who in years past would have been stars only within the business/financial community.

Kim Mayner, a consultant working with The Terrie Williams Agency in New York, which represents prominent entertainers and sports figures such as Eddie Murphy and Jackie Joyner-Kersee, agrees that "Every day there's a new magazine, and it's necessary to know what the editors



Source: McCann-Erickson, Newspaper Advertising Bureau
**Includes network, spot, syndicated and cable.*

Though increasingly struggling against other media, newspapers still dominate advertising market share, grabbing over 26 percent of 1988's total advertising expenditures of $118.4 billion.

want." But she's also noticed other fallout from the fierce competition among consumer magazines.

While the firm exercises selectivity with its more prominent personalities, deciding which publications are best for these clients and turning down the overtures of many others, Mayner says that the process of finding the right opportunity can be downright frustrating when handling emerging personalities who haven't yet been proven to draw readers. She also says that she has to contend with more public relations people who are resorting to what she calls "dirty pool" tactics, such as promising exclusives for certain celebrities or stories when guaranteed a magazine cover.

One person's "gossip," however, is another's useful background. A practitioner who is unaware of rumors may not only miss an opportunity to correct the record, but may lose some edge in positioning stories, even to traditional business publications. *Business Week*'s Glasgall remarks that, "Good PR people are good gossips—they're informed about the industry in which they are working." This, he maintains, enables them to "know the context" of a story they are pitching and answer the question: Why would someone want to read this?

Trade magazines: Worst and best of times

Trade magazines or "the specialized business press"—the term now preferred by the Association of Business Publishers (ABP)—pioneered the identification and targeting of print media niches.

Yet, like newspapers and their consumer counterparts, these publications are struggling to protect their market share. The ABP is reluctant, or perhaps unable, to provide actual figures, but president John Emery admits that "ad pages have been flat, not buoyant," since the crash and that dollar volume is up only because of rate increases. He also agrees that, "Where revenues are down, costs are being looked at very stringently."

Still, Emery feels that "these hard times are good times for PR people. If you can deliver a good product that is of interest to readers, editors are more amenable."

Is more less?

Although many trade magazines have paid circulations, and many with non-paid circulations have their circulations audited to demonstrate their viability to advertisers, some practitioners continue to doubt their communication impact. In fact, the proliferation of new vertical business magazines has made some more wary of these vehicles than in the past.

SundtCorp's Boyd, for instance, perceives the new non-paid trades covering construction, area development and related fields as "throw-aways" created solely as advertising vehicles, whose editorial content is "tainted" by advertiser concerns. "How many people actually read a publication that they get for free?," he asks. When he does occasionally work with the more targeted of these new, non-paid magazines, he says, he does so primarily with the goal of getting reprints to use as marketing devices. Otherwise, he concentrates placement efforts on the top trade books in his field, which are also non-paid, but are established and have "the editorial content necessary to ensure significant readership."

Betsy Nichol, president of Nichol & Company, a New York-based public relations firm, agrees that "many trade magazines are still influenced by who advertises." She recalls a recent experience with one client, a Fortune-500 company with many divisions. In trying to place editorial for the division she represented, she found it difficult to get results unless that division was an advertiser, regardless of whether other divisions were.

Others, however, take a less jaundiced view of the trades—and a recent survey conducted by Ketchum seems to indicate that trade publication editors are more selective and demanding than some practitioners may think. *(See sidebar, page 17.)*

Bohle, who represents many computer companies, says she sees no difference between trade magazines with controlled circulations and those with paid circulations. What she does find in dealing with various trades is that "Exclusivity is still a by-word for covers and first breaks."

Jeff Linton, an account executive at Dix & Eaton, a Cleveland-based public relations and investor relations firm, offers another perspective. Working primarily with publications in the health care and transportation industries, Linton has found that those with "fairly modest editorial staffs, by and large, are very willing to take the time to talk to you if you don't hype them, respect their time, give them a straight pitch, get their reaction, and get off the phone." But, he adds, "with leading books in the field, who have larger editorial staffs, it's often a very tough sell and a challenge to get their time and attention."

He also points out another important distinction, the difference between weeklies and monthlies, which he describes as "magazines that are attempting to cover trade *news* and those that are essentially feature magazines." He finds that the latter, which are less subject to the "intense pressure of producing a weekly publication," and offer more in-depth coverage, "are much more open to covering something a PR person might suggest."

The big picture

Two realities about today's print media keep cropping up in conversations with both journalists and public relations people alike: The work has gotten much harder, and time is at a premium.

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Print Media

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Part of this can be attributed to the overwhelming volume of reading material, another result of industry specialization. Bohle notes that compiling media lists has become much more difficult, and reports that her media directory bill now averages about $3,000 a year. And even though she believes that the cardinal rule is still to read the publications you're pitching, she confesses that the sheer volume makes it impossible to do this on a regular basis.

On the other side, *Business Week*'s Glasgall reports that he receives between 300 to 500 pieces of mail a week—about two or three large cardboard cartons worth—plus faxes and messages. He calls the volume "ungovernable" but trys to look at each piece, if only for a few seconds. If someone comes up with a good idea, he says, he'll read it.

There also seems to be considerable disdain for the "wining and dining" that once was such a requisite part of the business. As Nichol observes, "Everyone's busier and has less time for chitchat." Glasgall says that lunches with public relations people are not always productive. If an important company representative or member of the finance ministry is in town, however, he'll make the time. He'll also make time for a breakfast meeting to talk to a public relations professional who has an interesting idea.

Practitioners are also pressed for time. "There is no way to justify the time," says Bohle, "to just go out and make contacts." She has a more useful way of spending the three hours that might be devoted to lunch: reading that reporter's publication.

Supplying useful information instead of polite conversation may be the key. Jack Murphy, APR, manager of corporate communications for Genentech, Inc. in San Francisco, can point to an impressive placement track record. Yet he says, "This year, I have not had a lunch with a reporter for which he or she has not paid the check."

Murphy feels that this may be an indication of changing ethics in media relations. It certainly reflects a new attitude frequently alluded to by media and public relations representatives: Journalists are less afraid to admit that they often depend on public relations people for ideas, resources and other contributions.

Arthur Yann III, account supervisor at Nichol & Company, says success now means going *beyond* pitching ideas. "Reporters really appreciate a good story idea that you *follow up on* by providing additional sources to flesh out the idea." Genentech's Murphy has also found that "working in-depth has become more and more important." With the major national media, he adds, he must work to fit his stories into trend pieces and national business developments.

The positive outcome of this extra effort that Bohle, among many others, has discovered is that editors with whom she's developed a good story have remained contacts over the years. Even five years after a placement, she's often surprised to find how easy it is to get in touch with these people, once "they trust you as a source."

All of these experiences seem to demonstrate that print journalists and public relations professionals have entered into a new partnership that can be productive for both. Although it can often mean more work for less or limited coverage, many practitioners say that the quality of that coverage has never been better.

Mary Sabolik is president of Mary Sabolik & Associates, a New York-based public relations and special events planning firm that counts among its clients several media and communications companies. She was formerly associate director of public relations for Hearst Magazines and director of communications at Magazine Publishers of America.

TV News

Continued from page 21

ences and VNRs is more practical and cost efficient than ever. This and the proliferation of television outlets recently led Walt Wurfel, vice president for public affairs of the National Association of Broadcasters, to predict increased use and importance of such video tools. Satellite delivery may sound exotic and expensive, but it's cheaper and easier than dubbing hundreds of videocassettes.

Public relations practitioners must become as comfortable with broadcast techniques as they are with print techniques. This means more than talking the lingo; it means knowing how to apply it. It means communicating with broadcasters in much the same way they do with their audiences, for they are captives of their art.

I predict that the grumbling will die down sooner or later, and television news shops will find their new niche. Communicators who also find that niche will be effective. Those who don't may remain as unfulfilled as restless viewers seem today.

James F. Plante recently became vice president and general manager of E. Bruce Harrison Company/New York, Inc. Previously, he worked in news management for nine years at CBS News.

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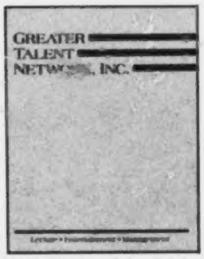

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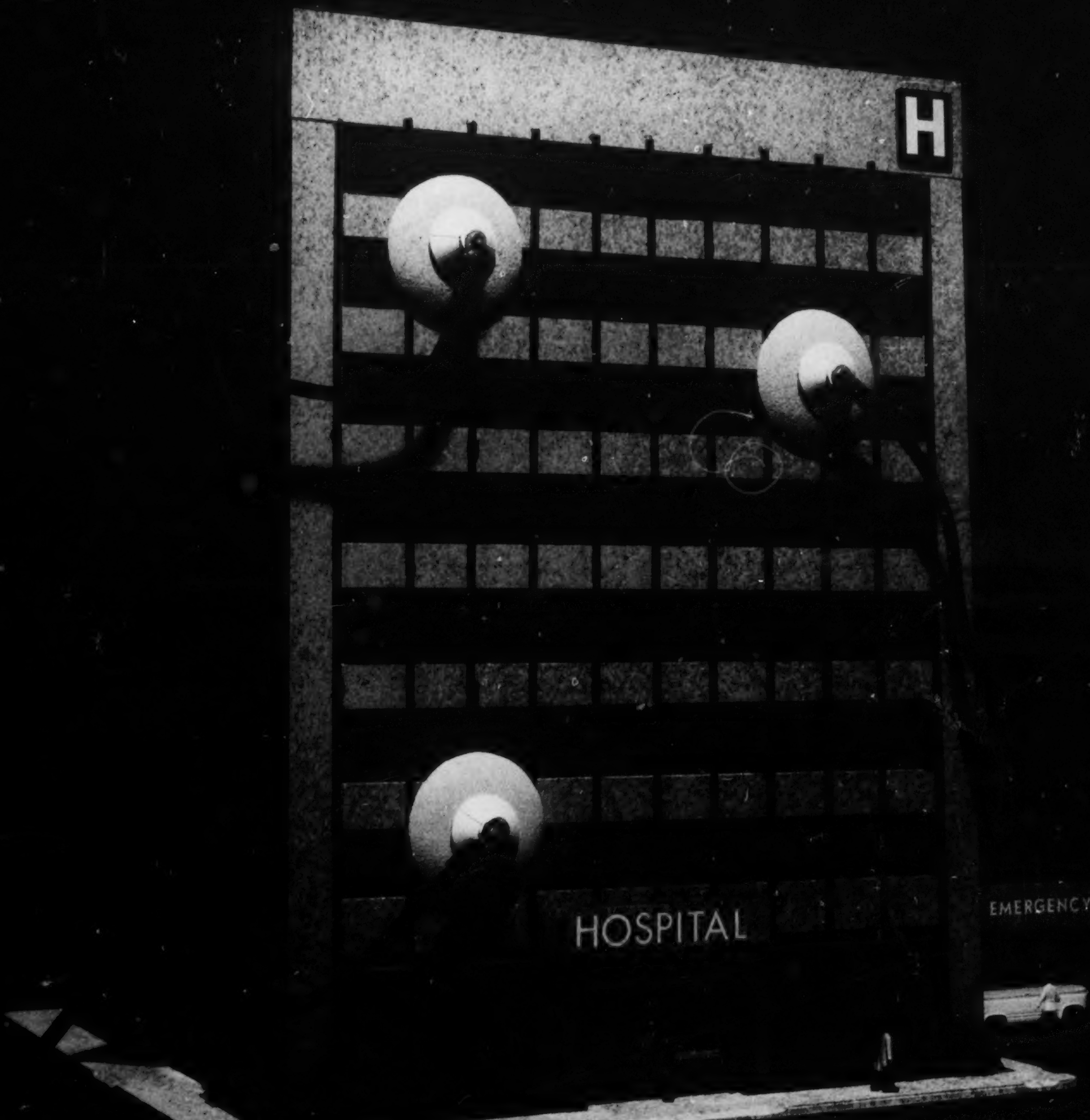

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Health Care

Critical Conditions

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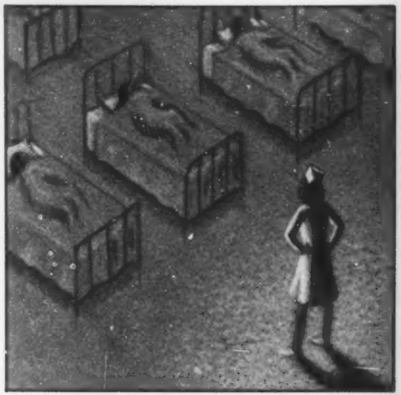

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VNRs can be powerful public relations tools, if used correctly. *PRJ* offers its second annual reference chart to VNR suppliers' prices and methods. Plus, distributors and producers give their perspective on trends, as well as problems created by suppliers—and clients.

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INSIDE TRACK

VNRs: success and challenges

Like the fax machine, which was around for years before it really hit its stride, the video news release is a tool that seems "overnight" to have become an integral part of doing business for public relations professionals.

And, as with any powerful new technology or medium, it will take time to work out the quirks and address the problems. With facsimiles, we've seen recipients complain of excesses—specifically, unsolicited "junk faxes." With VNRs, there have been problems from the start regarding how to accurately monitor and report on their use by TV stations. In addition, judging from an informal poll recently conducted by *PRJ (see page 23)*, a growing number of distributors/producers themselves are concerned about suppliers who deal in poor-quality VNRs lacking viable news or feature angles.

Other concerns center on how VNRs should be labeled and identified, and on the accuracy of their content. Some suppliers believe that sponsors and producers should be clearly identified at the beginning of all satellite feeds and on each tape duplicate. And many feel that there should be a code of ethics for the VNR industry.

VNR professionals say they fear that, if such self-regulation does not occur, the industry may actually be in danger of regulation by the federal government, akin to the "truth in advertising" regulations.

In fact, *New York Times* advertising columnist Randall Rothenberg reported that, during a recent conference on "media ecology" (the "study of interactions between a culture and its various means of communication"), many participants agreed with a marketing consultant, Eugene Secunda, who advocated government regulation of VNRs.

In response, Michael L. Friedman of DWJ Associates sent a letter to media and public relations professionals pointing out that DWJ had actually produced a successful VNR for Secunda before he "saw the heavenly light" and changed his opinion about the medium. "Video releases are no more insidious than press releases, news conferences or special events," he stated. "They are a public relations tool . . . How are all of us protected from this dangerous device? The same way we always have been—by the professionalism of local television news people." The first line of "defense," of course, should be public relations professionals themselves, who are obligated under PRSA's Code of Professional Standards to adhere to standards of truth and accuracy.

A few years ago, attempts were made to organize a VNR industry association that would address these concerns and challenges. The effort fizzled, apparently because the companies in the industry were too busy establishing themselves to devote significant time to such a group. Now that the industry has gained a much stronger footing, perhaps it's time for it to begin once again looking seriously at an association—for its own sake and for the sake of its clients.

Karlene Lukovitz, Editor

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VNR Update

An easy guide to VNR suppliers—plus suppliers' views on trends affecting VNR usage

Facts versus Fiction

Ask video news release distributors and producers what issues are affecting their businesses and their clients, and you may be surprised at the frankness of their replies. PRJ *did just that recently, in the course of gathering information for our annual VNR Update reference table—a handy guide to the methods and prices of VNR suppliers that starts on page 25.*

First, here's a summary of their comments on the status of the medium.

The people who make a living at distributing and/or producing VNRs have seen their medium become recognized and widely used as a valuable public relations tool, particularly during the past few years. But they're also realists about the capabilities of VNRs—perhaps more realistic than some of their clients.

They readily acknowledge, for instance, that a big news story will always run on television newscasts, whether the report is generated by a news organization or taken in whole or in part from a VNR. No doubt about it: A VNR covering a hot topic can reach huge audiences—if it's well produced and properly distributed and promoted. In August, for example, when the media hype on the "war on drugs" was at its apex, a VNR showing Colombia's President, Virgilio Barco, issuing a stiff warning to drug traffickers in his country was reportedly seen by 75 million TV viewers. In 1988, a VNR about Drexel Burnham Lambert's agreement with the U.S. Attorney's office concerning junk-bond king Michael Milken reached an estimated audience of 80 million.

But VNR pros will also tell you that most VNRs distributed to TV stations do not contain inherently big news stories, and therefore are not necessarily picked up by major networks (or even lots of local stations) or seen by multimillions of people. A more typical VNR does have news or genuine feature value, but most don't cause news editors to cry out, "What a story!" For VNR suppliers—and for public relations firms—who produce quality products and use smart distribution methods, clients with unrealistic expectations are a continuing problem. "If you can reach an audience of three to four million viewers—that's Nielsen or Arbitron viewers, not some pipe dream of viewers, but numbers of people who actually watch local news and talk shows—you've done a good job," says one major supplier.

However, those polled by *PRJ* also point to problems originating within their own ranks. Many say the industry is still plagued by some suppliers who grossly exaggerate the numbers of VNRs that they distribute each year in order to impress potential clients. In addition, for the many suppliers who strive to produce accurate usage reports, definitive monitoring remains a major problem, largely because getting and verifying the information from stations is so difficult. And again, some firms take advantage of the confusion to "fudge" their usage claims.

Particularly with "an increasing number of VNRs being produced, and independent stations and specialized programs on the increase, there is a greater need than ever for a creative solution," comments one VNR firm president. "Today, we have more than half a dozen firms claiming that they produce and/or distribute more than 100 VNRs per year—several in the range of 200 to 400," says another. "Yet, fewer than 250 commercial stations use handout VNRs, and each has less than two minutes of air time available each day for outside material." If all of these VNRs were actually being sent to TV stations and used, he notes, there would be precious little time left for anything else.

VNRs that are of poor technical quality or lack a real news or feature angle also damage the industry by undermining credibility with news organizations, VNR firm executives stress. "A deluge of mediocre VNRs flooding newsrooms does neither the industry nor clients any good," says one. Several emphasized that firms must stop agreeing to produce VNRs that they "know" will not be aired. One firm owner calls for strict guidelines, within the context of a code of ethics, to enforce clear identification of the sponsor/producer at the start of every VNR satellite feed.

He is not alone. Many of the two dozen VNR producers/distributors responding to *PRJ*'s poll expressed a need for an industry code of ethics that would address usage monitoring methods and quality standards and help to minimize practices that threaten the gradually improving image of the industry.

Company	*Primary Method of Distribution**	*Sample Distribution Rates, 1989*	*Does Company Notify Stations Before Sending Video?** If So, How?*	*Methods for Determining Station Usage (Standard Package)*	*Methods for Determining Audience Figures*	*Additional Information*
Sheridan Elson Gourvitz 20 West 37th Street New York, NY 10018 (212) 239-2000	Cassette	$5,500 for 100 stations; $7,500 for 150 stations; $9,500 for 200 stations; $12,000 for 300 stations	Yes: phone calls; three-up reply cards; and postage-paid reply cards	At least three phone calls to confirm; two mailings of postage-paid reply cards; final report includes confirmed users only plus those holding for future use (listed separately or together, depending on client request)	Arbitron daypart audience estimates for current year; also call station if not available in Arbitron; will also be using Larimi 7 audience totals	Prefer to write, produce and edit stories; distribute pieces that meet SEGIS station list requirements for legitimate news value
Targetron 156 Fifth Avenue New York, NY 10010 (212) 463-7668	Cassette	$2,800 for first 100 stations; $1,800 for each additional 100	Yes: phone calls to major markets only	Each station is called three times (first call to pitch); final two calls to determine use	Nielsen audience figures	
Video Techniques 600 301 Boulevard West Suite 188 Bradenton, FL 34205 (813) 746-4949	Satellite, Cassette	Production costs $9,000–$25,000, depending on options	Yes: personalized letters mailed to news directors at all TV stations, cable operators, syndicated broadcasts and networks	Nielsen; Burrelle's; and video-monitoring services	Nielsen audience figures; contact with stations regarding latest ratings for newscasts	
Vidicom 1776 Broadway Suite 1203 New York, NY 10019 (212) 757-7200	Cassette	Not Available	Yes: phone calls; letters; newswires	Phone calls to each station; reply cards; final report includes confirmed users only	Nielsen or Arbitron audience figures for specific show	"80%" of all our stories are picked up by newsfeeds (non PR), which add three to 10 million viewers
Visnews International 630 Fifth Avenue New York, NY 10111 (212) 698-4500	Satellite	Not Available (feed goes to 600 stations)	Yes: newswire; postcards; phone calls; and FAX	Reply cards (50% average return); phone calls; video-monitoring transcripts	Nielsen audience figures	Worldwide news gathering group that services the NBC TV network, Reuters, and BBC
VNR-1 325 Pennsylvania Avenue Suite 555 Fort Worth, TX 76104 (817) 878-5328	Satellite	$11,900 covers all costs for production, national satellite notification, distribution and Nielsen verification	Yes: Medialink newswire	Nielsen verification services	Nielsen audience figures for specific show	Staff made up of former broadcast news staff
West Glen Communications 1430 Broadway New York, NY 10018-3396 (212) 921-2800	Cassette	$9,500 for 100 stations; $14,250 for 200 stations	No	Reply cards (30% average return); send overdue letters to those who didn't reply (30% average return); call all others (up to six times); final report includes confirmed users and those holding for future use (listed separately)	Arbitron audience figures for specific show	"Guarantees" 40% pickup; offers rebate (based on per-telecast cost) if falls short; extra mileage programs for VNRs on cable and at motion picture theatres

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*Many companies that use cassettes as their primary distribution method do turn to satellite for fast-breaking stories.
**Companies sending by satellite must prenotify so stations know when to downlink program.

MG Productions 26 East 64th Street New York, NY 10021 (212) 688-1455	Cassette, Satellite	$13,500 for 200 stations if cassette; $3,000–$9,500 for 100 stations by satellite	Only if fed by satellite	Reply cards (at least two mailings); followed by phone calls (up to six); final report includes confirmed users and those holding for future use	Arbitron audience figures for specific show at specific time slot	At time of production, additional footage can be shot to gear for distribution to specific shows
Modern Talking Picture Service 515 Madison Avenue Suite 3702 New York, NY 10022 (813) 544-7571	Satellite, Cassette	$4,000 for two dedicated ¼-hour feeds on separate days and times; includes notification to 675 stations, and TeleTrak 5 monitoring and reporting	Yes: combination of mail, newswire and/or phone calls	TeleTrak 5: response cards (20–30% return); Burrelle's clipping service; Sigma electronic monitoring; phone sampling to a minimum of 20%. Final reports include confirmed usage, and those holding for future use (listed separately)	Nielsen audience figures	Service option: "guaranteed" reach to over 1,500 cable systems through a major cable network
National Television News 23480 Park Sorrento, #201A Calabasas Park, CA 91302 (818) 883-6121	Cassette	$4,500 to 100 stations; $9,000 to 200 stations; based on advance requests	Yes: do advance notification soliciting requests	Reply cards; we keep phone calls to a minimum, finding that they generally create negative impressions among news people at stations	Information compiled from rating services and stations	Emphasis is on full-service package, stressing quality and thoroughness of planning and production
Newslink 122 C Street, NW Washington, DC 20001 (202) 737-9454	Satellite	$714 for two "exclusive" ½-hour satellite feeds to 714 stations; $2,750 for all pre-feed notification; $2,750 for all post-feed follow-up and survey usage report	Yes: overnight press release to assignment editor & one specialty reporter at 714 stations; 100 pre-feed phone calls to stations at random or in target market; UPI-TV newswire to 275 stations; FAX on request	100 post-feed phone calls; TV news monitoring services; final report includes confirmed users with air dates and times, audience sizes, plus those holding for future use; comments from 100 stations contacted in phone survey	Nielsen audience figures for total market audience and for specific show	Notification and distribution can be targeted nationwide, state or region; offers full production services
On The Scene Productions 5900 Wilshire Boulevard 14th Floor Los Angeles, CA 90036 (213) 930-1030	Cassette	$6,500 for top 80 markets (250–400 stations); $4,000 for top 40 markets; both include network affiliates, independents, syndicates and cable	Yes: phone calls to qualify station/program interest	Follow-up after shipment with phone calls; airchecks from variety of markets; re-present story, if necessary, until all cassettes accounted for	Use program rating figures for adults 18 and over	
Orbis Medical News 358 West Ontario Chicago, IL 60610 (312) 951-0619	Cassette, Satellite	$8,500 for 100 cassettes and national satellite feed to 700 stations	Yes: mailed advisory to 700 stations; phone pitch to 180; FAX to top users	Reply cards; monitoring service; phone follow-up to 180 stations	Nielsen audience for specific show	
Don Phelan 311 West 43rd Street Room 602 New York, NY 10036 (212) 586-2541	Satellite, Cassette	$11,950 for production and distribution, plus out-of-pocket expenses	Yes: first-class mail one week in advance and by wire the day before; phone calls to key stations in 40 cities	Postage-paid reply cards signed by news director; also verify by phone	Arbitron audience figures	
Planned Communication Services 12 East 46th Street New York, NY 10017 (212) 697-2765	Cassette	"Newsgram" offer mailing at $1.50 per station; requests filled with cassette and localizing information at $50–$55 per station	Yes: "Newsgram" to all news shows, some magazine shows offering cassette and help with localizing story	Mail and phone follow-up to person who requested package	Arbitron audience figures for time period	Localizing information can include experts to interview, ideas for local shooting; on-request distribution facilitates follow-up for usage and airchecks

*Many companies that use cassettes as their primary distribution method do turn to satellite for fast-breaking stories.

**Companies sending by satellite must prenotify so stations know when to downlink program.

Company	*Primary Method of Distribution**	*Sample Distribution Rates, 1989*	*Does Company Notify Stations Before Sending Video?** If So, How?*	*Methods for Determining Station Usage (Standard Package)*	*Methods for Determining Audience Figures*	*Additional Information*
DWJ Associates 295 Madison Avenue New York, NY 10017 (212) 684-4000	Satellite, Cassette	$10,000 for national satellite distribution; $12,500 for cassette	Yes: telex; phone; mail; or newswire to 2,000 programs; send cassettes to only those who request by phone, FAX or card (generally ranges from 90–175)	Nielsen/Sigma; phone calls (as many times as necessary until we get a yes or no); final report includes confirmed users only	Arbitron/Nielsen audience figures for specific show	"Guarantees" as many airchecks as client requests
Impressive Images 1640–21 Powers Ferry Road Atlanta, GA 30067 (404) 980–2537	Satellite, Cassette	$6,000–$25,000; based on hourly rate of $50 (project fees can be arranged)	Yes: Medialink's wireservice; phone calls; creative direct mail pieces	Phone calls; postcards; and clipping services	Nielsen audience figures; phone calls to stations; or audience information from Medialink	
KEF Media Associates 213 West Institute Place Suite 405 Chicago, IL 60610 (312) 951-5894	Cassette	$15,000 for 150 cassettes to local stations and network contacts by name	Yes: overnight letter with stamped self-addressed reply card to request VNR; phone calls to major media	Reply cards (20–25% average return); call all contacts; generate complete reports bi-weekly with all key data included	Arbitron audience figures	Operated by former public relations professionals; database of 5,000 + TV names, titles
Michael Klepper Associates 805 Third Avenue New York, NY 10022 (212) 644-1100	Cassette	$7,500 for 300 stations	Yes: phone calls	Phone follow-up with each station; postage-paid response cards; station airchecks; compilation reel of airchecks provided with final report	Arbitron figures for potential audience reached	Emphasis on producing cost-effective, high-quality, newsworthy VNRs that air on local stations, cable systems and network; specialize in targeted, personalized distribution approach; *No VNR is ever sent unless specifically requested by station*
Neal Marshad Productions 76 Laight Street 8th Floor New York, NY 10013 (212) 925-5285	Cassette, Satellite	$60 per cassette	Yes: phone calls to all stations before, during and after sending VNR; also use Medialink's station alerts	Video-monitoring services; airchecks from radio/TV reports; reply cards sent with tape; phone calls	Arbitron daypart audience summaries; TV Digest; Nielsen audience figures for specific show	
Medialink 708 Third Avenue New York, NY 10017 (212) 682-8300	Satellite, Cassette	$4,350 for satellite distribution & usage monitoring to full nation (775 stations); $6,450 for satellite distribution & usage monitoring to full nation plus 50 cassettes Fed-Ex'd to specific reporters	Yes: proprietary Medialink/AP Express newswire reaching 650 newsrooms; AP Integrated FAX to additional 125; 100 phone calls to targeted reporters	Exclusive Nielsen Media Research weekly survey of 125 local news producers; Luce's & Burrelle's video monitoring transcripts; electronic database transcript retrieval; confirmation phone calls to reporters phoned prior to distribution; direct mail survey responses	Nielsen audience figures for specific show	Operates full-service offices in Chicago, Los Angeles, and Washington, DC; Medialink/AP Express newswire is used by every network and news syndicator to reach their affiliates with satellite feed information

VNR Update

The following information is intended to give practitioners a better sense of the distribution and tracking methods of a variety of suppliers. The information was provided by the companies themselves, and is therefore only as reliable as they are.

Company	*Primary Method of Distribution**	*Sample Distribution Rates, 1989*	*Does Company Notify Stations Before Sending Video?** If So, How?*	*Methods for Determining Station Usage (Standard Package)*	*Methods for Determining Audience Figures*	*Additional Information*
Audio/TV Features 149 Madison Avenue New York, NY 10016 (212) 889-1327	**Satellite**	**$2,350 for satellite delivery to 700–750 stations (includes total distribution package)**	**Not Available**	**Based on station preference; FAX; telex; UPI-TV newswire to 275 stations (some overlap); phone calls to 100 targeted stations (700 total notified)**	**Phone calls; reports from monitoring services**	
The Bader Group 325 East 64th Street New York, NY 10021 (212) 744-4328	**Cassette**	**$18,500–$22,000; will only accept entire production package, produced, edited, scripted and distributed by TBG for domestic VNR**	**Yes: combination of phone calls and notification letters to network news feed, national programs and targeted TV newscasts**	**Phone calls and research with LTS Advertising Services (recording news in top 25 markets and national programs)**	**Nielsen audience figures for specific show/newscast**	**Will not accept assignment unless it has good chance of getting on air**
Broad Street Productions 50 Broad Street New York, NY 10004 (212) 232-8031	**Satellite, Cassette**	**$10,000–$20,000 (including production)**	**Yes: via newswire; teleprinters; telex; FAX; phone and personal contact with stations**	**Nielsen; Sigma; reply cards; radio and TV reports; Burrelle's**	**Formula based on data used to determine station usage**	
The Broadcast Center 1615 L Street, NW Suite 100 Washington, DC 20036 (202) 659-0627	**Satellite**	**$4,747 for two satellite feeds; $4,271 for one satellite feed; both to 650 stations**	**Yes: pitch letter to 650 + stations; 200 phone calls; UPI-TV newswire to 275 stations**	**Television monitoring; an average of 150 phone calls; final report includes confirmed users and those holding for future use (also, any station comments)**	**Arbitron audience figures for specific shows**	**In-house post-production facilities; international network of crews**
Business Television 1010 Wisconsin Avenue, NW Suite 210 Washington, DC 20007 (202) 337-5765	**Satellite, Cassette**	**$2,750–$3,675; depending on number of phone calls, type of written notification, and satellite time**	**Yes: placement phone calls to target markets; mail and/or wire notification depending on client preference**	**Follow-up phone calls; Burrelle's if desired**	**Arbitron audience figures**	**Packages customized to clients' needs; emphasis on personal contact with editors; placement calling service available**
Communique Media 100 West 87th Street Suite 4D New York, NY 10024 (212) 496-8014	**Cassette**	**Not Available**	**Yes: personal pitch letter with VNR; phone calls; wire service**	**Reply cards; phone calls (as many as necessary to get answer); final report includes all confirmed users and those holding for future use; also gives equivalent advertising value for each exposure**	**Arbitron audience figures for specific show**	**Both produce and distribute VNRs; also, Spanish language distribution program (35 Spanish broadcasts in U.S. and Puerto Rico)**

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HIGH-TECH PUBLIC RELATIONS
An Upstart Matures

Making the Corporate Strategic Connection
Earth Day Spawns "Feeding Frenzy"
New FDA Guidelines: Truth or Consequences

PUBLIC RELATIONS JOURNAL

February 1990 Vol. 46 No. 2

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There's much talk of results-oriented, strategic corporate public relations. But how do companies really go about developing and implementing such programs? A counselor who's headed public relations for several NYSE-listed companies outlines what's necessary for strategic success and one company's step-by-step approach. *Philip J. Webster, APR*

22 High-Tech: An Upstart Matures

Not so long ago, deluging the press with product releases used to be enough to make it in the booming high-tech industry. Now, practitioners are in greater demand, but they're also struggling to create ever more sophisticated publicity strategies and to take on new functions ranging from crisis communications to government relations. *Catherine M. Eilts, APR*

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BRIEFINGS

9 Earth Day spawns corporate "feeding frenzy" • FDA drug promotion regulation: More heat—and more confusion? • Quick Takes • Survey: CEO speechwriters' median salary is $75,000 • Standard IR won't cut it in takeovers • IR pros bullish on faxes, videos, databases • Want to publish a book? Send a press release • From Woodstock to Madison Avenue

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28 Reaching America's aging marketplace *Frederick G. Thompson*

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INSIDE TRACK

A tough—and important—place to be

It's hard not to be demoralized by all of the articles and reports we read that contrast the economy and competitiveness of Japan with that of the United States. One of the key areas of focus, of course, is the high-tech sector. Will Japan yet again beat us at a game that we once believed was our own?

Public relations professionals can't make a better microchip. But, as Catherine M. Eilts, APR, points out in her feature on the new realities of high-tech PR *(page 22)*, they can and are playing increasingly important roles in getting the word out about new products in an environment where just being new isn't enough anymore. They're also being called upon to help high-tech management cope with the growing demands of communities, governments and employees, as well as the potential negative side effects and ethical dilemmas associated with revolutionary technologies. Perhaps, in addition to all of this, they can help convince the administration that, instead of withdrawing support for the high-tech industry, it should be throwing the federal government's support in that direction at this very crucial competitive turning point . . .

Lots of people *talk* about making public relations a strategic, results-generating force within corporations, but few have had more experience in implementing that goal than Philip J. Webster, APR. Webster, who helped it happen at Scott Paper Company and other NYSE-listed companies, puts the basic ingredients in a nutshell and shows how strategic public relations *can* pay off in millions of dollars of savings and increased revenue *(page 18)* . . .

How many of you remember the first Earth Day? Twenty years really isn't that long ago, but the event, though relatively successful, certainly didn't make an indelible mark upon the public consciousness in 1970. Times change, however. If you haven't yet gotten your management or clients involved in Earth Day 1990, you'd better read the Briefing that starts on page 9 . . . quickly . . .

We here at *PRJ* would like to thank all of our contributors, and all of you who have written and called to offer congratulations on the special January issue, "What's Ahead in the 1990s." The response has been rapid, extremely gratifying and much appreciated.

Karlene Lukovitz,
Editor

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BRIEFINGS

Survey: CEO speechwriters' median salary is $75,000

Senior writers have considerable influence with top management

Almost one-third of Fortune 250 companies report having a "chief executive speechwriter" whose main responsibility is writing speeches for CEOs, according to a survey of corporate speechwriters. More than half of these speechwriters earn at least $90,000 and "hold positions of genuine power in their organizations." The median base salary for respondents is $75,000.

The 25-question survey, responded to by all but one of the Fortune 250, was conducted recently by Fairfax, Virginia-based Quarles & Associates, for Allen Miller, manager of public relations at Corning Incorporated. Its purpose was to gain insight into the speechwriting function and provide corporate practitioners with benchmarks by which they could measure themselves.

The study found that larger companies with active CEOs and those that market products or services to other businesses are most likely to have executive speechwriters. More than half (53 percent) of the top 49 firms in the Fortune 250, for example, report having such a position. Among responding business-to-business companies, 77 percent of computer firms and 53 percent of aerospace companies have executive speechwriters on staff.

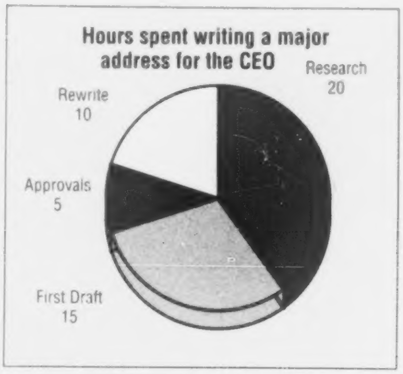
Nearly half (49 percent) of the companies that reported they don't have a CEO speechwriter said that "no specific person" writes the speeches (30 percent) or that the CEO writes his or her own speeches (19 percent). Other job descriptions of those who write CEO speeches include corporate communications (30 percent), executive communication or speechwriting (12 percent), public relations (7 percent), editorial services (2 percent) and public affairs (1 percent).

Access and influence

According to the survey, CEO speechwriters fall into two categories: senior people who report to the vice presidential level or higher, and mid-level people who report to managers or directors. "Senior speechwriters are members of senior management who have relatively easy access to the CEO and often act as advisors," the study concludes. "Many appear to have considerable influence."

Most of the responding speechwriters said they prepare an average of 30 speeches per year. Almost nine out of 10 (88 percent) said CEOs give them feedback on the text of the speech, while 59 percent reported getting feedback on the actual delivery.

The survey asked speechwriters how much time they spend on a major address. "On average," the report concluded, "chief executive speechwriters spend 20 hours on research, 15 hours writing the first draft, 10 hours rewriting, and five hours getting approvals."



The report concluded that chief executive speechwriters spend an average of 50 hours on a major address.

Lower pay for women

The study also revealed that responding women speechwriters earn lower salaries and are less likely to be senior staff members than their male counterparts. Seven out of 10 chief executive speechwriters are men, the report noted. Men hold the position in 81 percent of the top-ranked 49 companies and 75 percent of the next 50. "Women are particularly likely to hold the lower-paid staff positions in the public relations and editorial services department," the survey concluded.

Base salary levels, CEO speechwriters

	Yrs communications experience			
	12 or more %	15 or more %	18 or more %	20 or more %
Less than $45,000	3	4	4	5
$45,000 TO $59,999	13	7	4	5
$60,000 TO $74,999	23	21	21	10
$75,000 TO $89,999	19	21	25	25
$90,000 TO $104,999	19	21	17	20
$105,000 TO $119,999	7	7	8	10
$120,000 TO $134,999	10	11	13	15
$135,000 or more	7	7	8	10
(Base)	(31)	(28)	(24)	(20)

Salary levels for CEO speechwriters are closely tied to years of experience.

Only 26 percent of participating women speechwriters earn $75,000 or more, compared to 57 percent of male speechwriters. In addition, 21 percent of male speechwriters earn more than $105,000; no women surveyed earned that much.

The study noted, however, that salaries are closely tied to years of experience. "Women are not paid as well partly because they are relative newcomers," it stated. "Forty percent of women have less than 10 years of experience, compared to 9 percent of men." □

Graph/Chart: Quarles & Associates

Couch potatoes unite

To help Snyder of Berlin launch its new kettle-cooked potato chips, Marcus Public Relations, Cleveland, cooked up an attention-getting publicity stunt viewed by 40,000 visitors who attended Pittsburgh's Fall Home Show: a seven-foot "potato couch" made of more than 500 potatoes. "We were tired of the old couch potato stereotype," says Dan Hummel, Snyder's director of marketing. "We wanted people to know that snacking is great."

Photo: Snyder of Berlin

company's stock, "the best thing you can do is be prepared and know why your stock is active." He advocates a direct approach when responding to rumors. "Deny them if they're false and tell the truth if they're true," he says, citing this as the New York Stock Exchange guideline. Panelists warned that reporters who don't get immediate answers will go to other sources.

Analysts can "break a deal"

Analysts are often consulted by the press as a source of information about technical aspects of the takeover, such as the pricing of the offering. "The analysts have a very important impact," explains Kekst & Company partner Andrew R. Baer. "They can often make or break a deal . . . It's very difficult for companies that haven't laid the groundwork to deal with analysts in a takeover situation." He advises establishing these important relationships well before any threat looms on the horizon.

In addition, new and not always friendly constituencies are present, such as arbitrageurs who seek to reap large profits by taking short-term positions in the stock. They may attempt to influence the press as one tactic toward attaining this goal.

Bryan Burrough, a *WSJ* staff reporter, notes that, before coming to New York, he had "a suspicion that the takeover folk are a very small fraternity" sharing information among themselves. "When I came to Wall Street I found out it was true," he says. Burrough advises investor relations practitioners to make it their business to know who is in that fraternity, and what power it has in the event a takeover bid is made against their companies.

Influence of media specialists

Because the press is so important in a takeover, the media is exposed to certain influences and pressures that might not otherwise be present in the day-to-day practice of their craft. Dean Rotbart, editor for TJFR Publishing Company and a former *WSJ* writer, raised the issue of the increasing proliferation of takeover media specialists, who are paid enormous sums to influence the press. Business and financial reporters are not always fully cognizant of how they are being subjected to this influence, Rotbart contends.

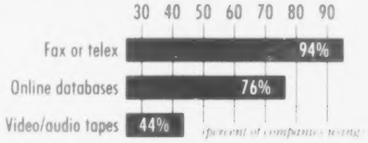
Furthermore, in a takeover situation, there is a wider range of talent and degree of understanding than usual among reporters covering the event. While some reporters may be highly experienced in dealing with financial and legal matters, others "wouldn't know a takeover from a turnover," according to Baer, who points out that past relationships with reporters may be meaningless if a whole new set of faces is introduced to cover the story during the takeover bid.

Likewise, on the company side, senior managers who are enormously competent at running the business are suddenly thrust into a situation with which they have little experience, which is highly pressured and difficult to understand. Public or investor relations practitioners, therefore, may find themselves in a position of educator, as well as communicator, during a takeover bid. —*Mary Lowengard*

IR pros bullish on faxes, videos, databases

NIRI survey reveals sharp rise in usage

The use of facsimile machines, online databases and videos by investor relations professionals to transmit and gather financial information has risen tremendously since 1985, according to the National Investor Relations Institute's (NIRI) 1989 survey of its members. "The mechanics of transmitting data to the investment community have changed dramatically," the survey concludes.



The facsimile machine has emerged as one of the key tools to transmit financial data.

The survey, NIRI's first since 1985, provides information on many of the issues and trends facing the IR specialty, including IR activities, salaries and budgets, and management's perception of the function. Nearly half (44 percent) of NIRI's 2,260 members, including both corporate and firm practitioners, responded to the survey.

The fax, which was not even included in the 1985 survey, has emerged as one of the key tools used by IR practitioners. Ninety-four percent of the survey respondents report that they use faxes to transmit financial data. The percentage of NIRI members who use databases as a source of information rose to 76 percent, from 57 percent in 1985. And 44 percent said they now use video/audio tapes to communicate with various publics, up from 15 percent four years ago.

The study also found that nearly 38 percent of NIRI corporate members have financial backgrounds, while 43 percent of the institute's counselor members said they came from public relations positions.

Almost all the respondents (95 percent) said meeting with financial and institutional contacts is their most important job function, followed by working on annual reports (94 percent) and media relations (88 percent). Other key activities are identifying shareholders (75 percent), strategic planning (60 percent) and planning annual meetings (54 percent).

According to the survey, the 1989 average cash salary (including bonus) of NIRI members was $85,800, with corporate practitioners earning an average of $83,300 and firm members, $92,800. The average salary for an IR professional with more than 10 years of experience was $107,600; those with less than two years of experience took home $66,200.

A vital function

More than half the respondents (55 percent) said IR is viewed as a "vital" function by management, while one-third said it is considered a "necessary" function. Fewer than 1 percent indicated that IR could potentially be cut at their companies. One-third (33 percent) said they report to the CFO, while 27 percent said they report to the chairman, president or CEO.

Despite the apparent support from corporate management, IR departments are still very small, with 78 percent of the respondents reporting that their departments have only one or two full-time staff members. The average annual budget for NIRI corporate members was $462,000.

Other study findings:

- The primary site for contact with financial analysts over the past 18 months was New York (82 percent) followed by Boston (66 percent), Chicago (43 percent) and San Francisco (42 percent).
- Sixty-one percent said they put together a written operating plan as part of their job. Of these, 94 percent report that they present this plan to management.
- Most corporate IR programs are not heavily influenced by the fear of takeovers. Forty-six percent of the respondents said there is "no" influence and 48 percent said there is "some." ☐

Graph: National Investor Relations Institute

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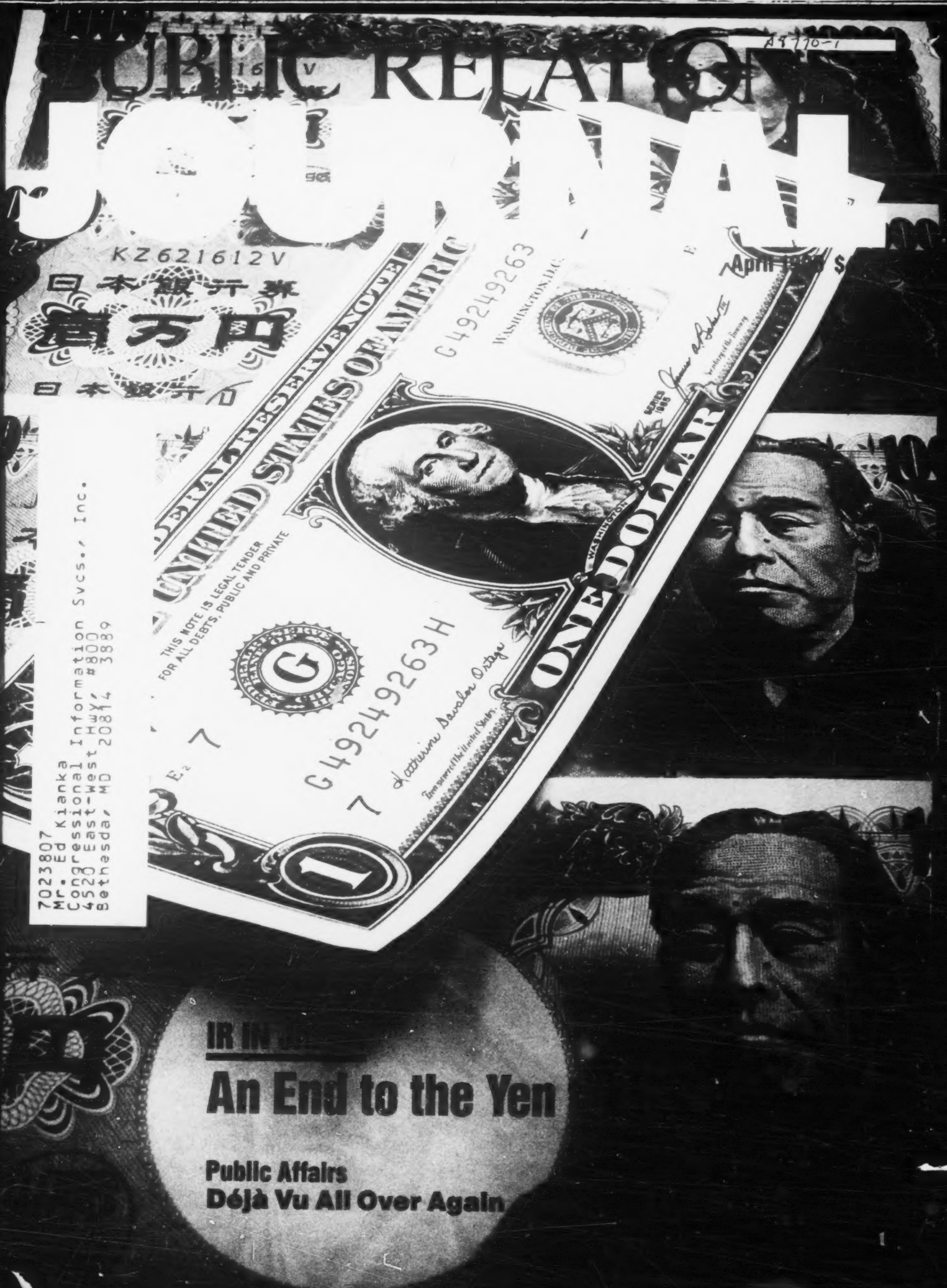
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An End to the Yen

Public Affairs
Déjà Vu All Over Again

PUBLIC RELATIONS JOURNAL

April 1990 Vol. 46 No. 4

FEATURES

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Facing a resurgence of public scrutiny, corporations are looking to public affairs—a function many cut back during the '80s—for answers.

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Listing on the Tokyo Stock Exchange, once considered de rigueur by many U.S. companies looking to unlock the Japanese market, has lost some of its allure. *Mary Lowengard*

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More than ever before, effective investor relations requires being a savvy marketer. *Melinda McMullen*

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Cover art: *Murray Alcosser/The Image Bank*

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INSIDE TRACK

Persuasion and the end of laissez faire

"Roger and Me" has certainly been the focus of a lot of attention during the past month. Still, while a number of articles have touched on the ethics of the movie, none has so thoroughly dissected Michael Moore's genius for propaganda as Chet Burger's piece in this issue *(page 40)*. Some counselors have had a more positive reaction to the film. Alan Metrick, partner in David M. Grant & Partners Inc., recently forwarded a copy of a memo he sent to his clients. He calls "Roger & Me" "thoroughly enjoyable and engrossing." Metrick warns clients that the movie might offend some, and adds that he's not sure whether he personally agrees with some of its themes.

But, he says, "from time to time, something appears in the mass media that (usually inadvertently) serves as a wonderful lesson in the practice of public relations . . . the film is peppered with terrific object lessons in what *not* to do when faced with a film crew. . . Nobody looked good in the movie, and I'm sure that's partly because that's what the director wanted . . . At one end of the spectrum we see people in the film trying to stonewall the camera, acting officious or nasty with the camera, or very obviously lying at the camera. On the other end, some people simply ran off at the mouth . . ."

People will always love satire, as long as they themselves aren't the objects of it. And maybe after eight years of being glamorized by the media, business is once again becoming a target for satire. Certainly, activism is on the upswing.

Which brings us to Lloyd Dennis' article on public affairs *(page 14)*, titled "Déjà Vu All Over Again" in tribute to Yogi Berra. Dennis suggests that business should not be surprised to find itself floundering for answers to public demands for accountability, having downsized public affairs staffs during the laissez faire '80s.

One result of another Reagan legacy—greater self-sufficiency at the state level—has been more state taxes. While corporate practitioners and large public relations firms may not be particularly threatened by 5 to 8 percent professional service taxes, small counselors may stand to lose precious clients. A report begins on page 7.

With all of the nail-biting over the recent shakiness of the Tokyo Stock Exchange, Japan has also gotten a lot of attention—even more than usual—in the past few weeks. Although U.S. companies listed on the TSE weren't really affected, many recently interviewed *(page 18)* say the bloom is off the Tokyo rose, at least when it comes to listing.

You may have noted an ad in last month's issue promoting IABC seminars—and, if you receive *Communications World*, you'll see a PRSA seminar ad in its April issue. The PRSA Board believes that members of both organizations stand to benefit from such cooperative efforts.

Karlene Lukovitz, Editor

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(212) 995-2230

The Public Relations Society of America (PRSA) is an individual membership professional society of 14,983 public relations practitioners. Its major services to members include programs of Professional Development and Accreditation, an Information Center, publications, tracking of issues of national concern, and promotion of ethical practice through adherence to PRSA's "Code of Professional Standards." PRSA's mission is "To serve the public need for understanding and cooperation among its diverse interests by fostering high professional and ethical standards for all those practicing public relations."

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EDITED BY ADAM SHELL

BRIEFINGS

Service taxes: Practitioners struggling to fight back

Lack of unity, awareness, funds hamper local efforts

Washington, D.C. and Connecticut were hit by professional service taxes last July. In February, Massachusetts was holding hearings on taxing professional services and battles were heating up in Kansas and Missouri. In Kentucky, a bill proposing a 5 percent tax was dropped in March.

Amid these events, many counselors recently affected by state taxes on public relations say they fear that communications problems and lack of united opposition could hinder the field's chances of halting the spread of these taxes. "I'm distressed because the PR community is not getting together to fight this," says Ian Kerr, chairman of Kerr Kelly, in Greenwich, Connecticut. "We've done a bad job of communicating our position."

As states grope for new ways to raise revenue, more and more are looking at taxing various professional services. To date, such taxes, which range between 3 and 8 percent, have been levied in at least 10 states and are being considered in nearly 20 more.

Unequal treatment

Public relations is not taxed in all states in which service taxes exist. On the other hand, in some states, public relations is taxed while some other professional services are not. In Connecticut and Washington, D.C., for example, public relations firms are taxed but time and space advertising are exempt; Connecticut also exempts lawyers and accountants. Often, public relations is not specifically mentioned in a bill, but is included under general language, such as "management and consulting services."

Practitioners and lobbyists alike agree that professions that don't take a strong stand on their own behalf are the ones that end up being taxed. In Connecticut, when a legislator was asked why lawyers and others were omitted from the bill, he replied: "Because they have a lobby here—it's as simple as that."

During the 1980s, professional service taxes were defeated in at least 19 states. However, there is nothing to keep states from proposing such bills again. In Massachusetts, a bill to extend a 6 percent "sales and use tax" to public relations and other professional services was defeated this past summer but resurrected in a broader version in December. Also, states with service tax laws that do not currently affect public relations could try to extend their reach.

One state's fight

Many counselors argue that the taxes are an administrative nightmare that forces them to raise client fees and makes it difficult to compete with firms in neighboring states not subject to such taxes. The taxes could even force some firms to relocate to other states, they warn.

In Massachusetts, where the bill calls for advertising to be exempt, Kitty Ward, president of K. Ladd Ward & Company, Hingham, recently testified at a hearing before the Joint Taxation Committee on behalf of the PRSA Boston Chapter and the Publicity Club. "We learned from the defeats in other states, and we're prepared," Ward says.

Among the issues she raised at the hearing: How will legislators define the boundaries of public relations (will lobbyists and political consultants be included)?; Will non-profit public relations be exempt?; Will the revenue justify the

Continued on page 12

A kindergartner at a grade school in Mississippi brushes up on his reading skills using IBM-donated software, Writing to Read.

Business taking aggressive approach in effort to speed school reform

As stakes rise, corporate contributors demand greater voice

Worried that the present education crisis will get worse before it gets better, American business is stepping up its war on illiteracy and other ills that plague the nation's school systems. But unlike the past, when simply handing over money to schools was considered enough, hundreds of U.S. corporations are now demanding a greater voice in deciding what reforms are needed and how they will be implemented. Many, in fact, are now refusing to donate money unless educators agree to restructure the system as business sees fit.

"We're past the stage where we just hand out money to schools," says Dr. Julie C. Stafford, educational consultant for the Cray Research Foundation, a company that builds supercomputers, and director of the Wisconsin Educational Partnership Initiative, an organization whose mission is to improve math, science and technology instruction. "We just didn't want to be like Santa Claus any longer. Unless a school or district commits to change, they won't get any money."

"Who will we hire?"

Business' new no-nonsense attitude toward education—termed "market-driven philanthropy" by some business leaders—is also being reflected in an increased commitment to precollege education. The philosophy is simple: unless "Johnnie" learns the three R's in grade school, his chances of finishing high school, graduating from college and entering the work force with marketable skills are slim, at best.

For business, the stakes in improving the educational system have grown enormously. In the last few years, more than 300 studies and reports have been published that paint a picture of an educational system on the brink of disaster. The horror stories are by now familiar, though still shocking: three out of five 20-year-olds can't add up their own lunch bill; high school graduates are unable to fill out a job application; the average American business school graduate knows about as much math as the average eighth grader in Japan.

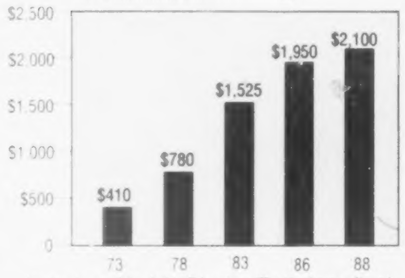
As the skill level of job applicants continues to decline, many companies fear that they are losing their competitive edge against foreign rivals. "There is a widening gap between who's out there and what business needs," says Diana Wrigden, director of precollege programs for the Council for Aid to Education, a non-profit organization that promotes private support of education.

As a result, according to Myrna Plost, director of education for ARCO, virtually every U.S. company is now asking itself the same question: "Ten years from now, who are we going to hire?"

Partnerships flourish

Maintaining that educators are either unable or unwilling to overhaul ineffectual approaches to educating the nation's future scientists, executives and scholars, companies are increasingly searching for their own answers. "Enlightened business leaders and educators are beginning to realize that educators can no longer do the job by themselves," says Don Adams, editor of "Business-Education Report," a newsletter that promotes business involvement in education.

Corporate contributions to education *($ millions)*



Source: Council for Aid to Education; The Conference Board

Between 1986 and 1988, contributions to education grew 4 percent, on average. These moderate increases follow a decade of unprecedented expansion, when corporate giving rose by an average 15 percent per year.

To protect their bottom lines and polish their corporate images, companies are pouring millions of dollars into the nation's classrooms. "We want to change the system," says Stafford, "to make sure there are qualified employees for the future." But current programs like Adopt-A-School, business leaders say, are no longer enough. Today, partnerships between business and education are viewed

U.S. MAIL
MAIL

In The Past, Getting Information Required A Lot Of Running Around.

as the key to educational reform. Some companies are even entering into partnerships with life spans of 10 years or more, a clear indication that business leaders are not treating the issue lightly.

Wayne E. Heiden, chairman and CEO of Allstate Insurance Company, told about 600 business leaders and educators attending the company's Labor Force 2000 II Forum, held in Washington, D.C. in February, that the preconceptions and barriers that divide the groups must be broken down if partnerships are to be successful.

"We can draw a line in the dirt and say, 'You stay on your side, and we'll stay on ours,'" Heiden said. "But what we really need is to rub out the line, draw a big circle instead, and invite everyone in."

Emphasis shifts to precollege

In 1988, corporate contributions to education totalled more than $2.1 billion, and it is estimated that giving rose by about 4 percent in 1989, according to a survey conducted by the Council for Aid to Education. "Our schools, colleges and universities are now receiving over twice the financial support from the business community that they received a decade ago," notes Arnold R. Shore, president of the council.

U.S. companies, however, are no longer just donating money to the country's top research universities. Instead, a greater percentage of grants and philanthropic dollars are now being funneled into precollege education in an effort to prepare students for the real world early in life. Corporate contributions to grades kindergarten through high school increased from $33.9 million in 1987 to $51.5 million in 1988. Contributions to K-12, however, are still less than 9 percent of total giving to education.

"If you haven't cultivated the kindergarten thru 12 area, you're not going to have students who are prepared for college," explains Mary E. Leslie, director of the Pacific Telesis Foundation, which recently started a $2 million "Education for the Future Fund" that calls for school site empowerment, accountability and parent involvement as the key conditions for improving grade schools.

Funds and in-kind services

According to *Partnerships in Education Journal*, a monthly magazine that focuses on business/education partnerships,

Educators grade schools B-minus

The nation's public school system received a B- on its report card from U.S. school administrators. In a survey of 385 school administrators conducted by Allstate Insurance Company and the American Association of School Administrators, 68 percent gave public education a "B," 23 percent a "C," 7 percent an "A" and 2 percent a "D."

Other study findings:

- **Forty-four percent of administrators called for more corporate involvement. More than half (61 percent) believe companies should contribute money to all educational levels. (Precollege education was cited most often.)**
- **Educators said companies could help overcome education problems by supporting tax increases, contributing equipment, and offering jobs to students.**
- **Many educators think that CEOs are likely to see "little future improvement in the problem of finding and hiring employees with good basic skills." ☐**

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there are currently about 140,000 ties between businesses and schools. The programs being financed include combating illiteracy, bolstering the recruitment of minority students, providing leadership and technical training for teachers, reducing the dropout rate, using computers as a learning tool, creating innovative programs for urban schools and many more.

For example, Coca-Cola has cited education as its major philanthropic cause for the 1990s. Last November it announced a $50 million commitment to education over 10 years. "We believe that an investment in education is a tremendous investment in business," says Mark Preisinger, a Coca-Cola spokesperson.

IBM recently donated $20 million in computers and technical support to the California Department of Education, as well as one of its computer programs, Writing to Read, to the state of Mississippi. Pizza Hut started a nationwide reading-incentive program in more than 600,000 classrooms for students in the first six grades.

Holding schools accountable

More than ever before, business is making sure that its money is being put to good use by holding schools accountable for results. "Until the schools feel the pressure," says Stafford, "they're not going to change." Many companies, in fact, now make it a habit to continually ask themselves: Is this really working?

In many cases, companies are requesting that schools replicate successful partnership programs. Pacific Telesis will showcase its five-year "Education for the Future" project at three California elementary schools in this manner.

A short-sighted view?

Some educators, however, are uneasy about the growing influence of business in public education. David Lewin, a business professor at Columbia University, for example, argues that such interference is nothing more than a "band-aid" cure for a problem that, he believes, should be solved not by big business, but rather by public policy. "This business involvement with schools may delay us from getting down to more fundamental issues," Lewin says. He also questions whether companies really have the best interests of the students at heart. "Their argument is a business argument," he contends, "not an altruistic argument." He maintains that companies such as IBM, which donate products to schools, are "attempting to build the identity of their company in the minds of students."

Business leaders contend that educators don't know what business wants and that they are unwilling to make the tough choices required to help an ailing system get well. Business, they say, is simply filling the vacuum. "If educators can't do the job, then other people are going to step in," says Stafford. Students, she says, are simply not receiving the training necessary to succeed in the next decade. "Schools," she asserts, "are not preparing students for a high-tech world."—*A.S.*

Establishing a successful partnership

Sybil Yastrow, Ph.D., regional superintendent of the Lake County School District in Illinois, helped form a successful partnership with business, government and educators aimed at curbing the county's high dropout rate. In a presentation at Allstate's Labor Force 2000 Forum II conference, held in Washington, D.C. in February, she offered the following tips on how educators can establish successful partnerships:

- Identify a business or group with a common concern.
- Seek involvement with the CEO.
- Establish a shared vision and value system with the business or group.
- Communicate on a regular basis.
- Encourage the business or group to identify a project that it calls its own.
- Identify the expectations and expertise of the members of the business.
- Establish a time line and an evaluation system.
- Keep business' vision in mind.
- Don't get discouraged. Change takes time.
- Be willing to take risks and to make changes.
- Plan, implement, evaluate, plan, assess—and replan. ☐

Broadcast faxing gaining popularity

But some practitioners are leery of sending bulk transmissions

As facsimile transmissions become more and more common in the business world, a growing number of "broadcast" or bulk faxing companies are marketing their services to public relations divisions and firms. Investor relations pros, in particular, have embraced the method to speedily transmit financial data to investors and analysts. However, many practitioners haven't yet investigated the market, and some say they're wary of alienating the media by deluging them with faxes.

"More and more people are popping up with broadcast fax services," says Brad Sullivan, group manager of Ketchum Public Relation's Capital Services Group. "I've heard of some PR firms that are doing it—it's certainly more in vogue."

"In the past month, I've been solicited by several companies offering broadcast fax services," agrees Thomas M. Reed Jr., senior vice president, Braun & Co., in Los Angeles. "We do a fair amount of faxing ourselves, but not enough to justify having an outside company do it."

Relevance the key

To send a broadcast fax, a document is loaded into a fax machine's memory or into a computer with fax capability, and then sent automatically and simultaneously to a list of preprogrammed facsimile numbers.

Sullivan says his group generally does its own broadcast faxing to "first-tier" recipients—those with a pressing need for financial information about a company. For small- to mid-capitalized companies, a list has between 20 to 30 names of analysts and wire service contacts; for larger-capitalized companies, a list ranges from 30 to 50 recipients.

ICN Pharmaceuticals Inc. sent 53 news releases via the Southern New England Telephone (SNET) broadcast fax service in 1989, according to Jack Shool, vice president public relations of the Costa Mesa, California-based company. He says the releases sent in this manner are "not superfluous," but contain "breaking news" such as earnings information, product approvals and acquisition announcements.

Each release was faxed to about 50 recipients, all of whom agreed to receive information in that fashion before getting their first fax. "A relationship has been established," Shool says. "It's not just 'cold faxing.'"

ICN originally sent these faxes from its own office, but switched to SNET because it would be more efficient, Shool says. At an average cost of about $1.75 per fax, a broadcast to one list would cost

IR in Japan

An End to the Yen to List?

Listing on the Tokyo Stock Exchange works for some U.S. companies breaking into Japan, but it's no longer considered de rigueur...

Mary Lowengard

Ask the investor relations director of any U.S.-based public corporation currently implementing an investor relations program in Japan, "Why?" and you'll get the same response Willy Sutton gave as the reason he robbed banks: "Because that's where the money is."

Any company functioning on a global basis is acutely aware of this. With a gross national product on the order of $2.9 trillion and per capita income calculated to now exceed $22,000, Japan is the world's leading capital exporter.

"If you're going to be a multinational or international business, you have to realize there is benefit from going to Japan and other foreign capital markets, because it comes back to you in additional exposure for doing business later on," says Russell J. Page, senior vice president and investor relations executive at NCNB Corporation, the seventh largest banking company in the United States, headquartered in Charlotte, North Carolina.

"The reason we're in Japan is because it's a key source of capital to the world," says Franklin T. Jepson, corporate vice president at Bausch & Lomb Inc., Rochester, New York. "Even though we may not need the money today, we may wish to do something creative with financing in the future."

Jepson notes that the numbers speak for themselves: "If you watch the statistics, such as those in the Treasury Bulletins, it is clear that Japan's aggregation of capital and how it is channelling that capital to the rest of the world, combined with the fact that the Japanese went long in their purchase of U.S. equities in October 1987, all indicate that the Japanese are going to be buying more U.S. securities, both debt and equity, over the long term. And that's a force not to be ignored."

The numbers are indeed compelling. Growth of Japanese interest in U.S. equities is "explosive," according to David G. Strongin, director, international finance, at the Securities Institute Association (SIA). Japanese investment has driven the Asian share of activity from under 15 percent in 1984 to 20 percent in 1986, 30 percent in 1987 and 35 percent in 1988. Japan far and away leads the Asian money centers, with 91 percent of U.S. stock in the Far East being held there.

In 1988, Tokyo again ranked first on Technimetics' "Global Money Map" in its International Target Cities Report of cities ranked by total equities under management, with a whopping $1.8 trillion—more than double the combined amounts managed in the high-powered finance cities of New York, London and Geneva.

Daunting obstacles

In short, for investor relations directors of U.S. and European corporations, Japan and its considerable investment capital controlled by institutions, corporations and individuals are extremely tempting. But Japan also represents formidable challenges.

There are the language and cultural differences, for starters. Investor relations, still a developing discipline in this country, has until recently been all but unknown in Japan. And while Japan may be a major source of capital to the world, its own capital markets are grossly underdeveloped by American standards. Dynamic asset allocation techniques—the active trading of equities in the marketplace—has yet to become common practice among Japanese money managers.

The U.S. and Japanese financial markets have been drawn closer together, according to Stephen H. Axilrod, vice chairman at Nikko Securities, by three factors: long-term capital outflow from Japan, the establishment of Japanese securities firms in U.S. markets, and the necessary opening and diversification of Japanese markets. "We are now in a transitional stage during which Japan is establishing itself as a key player in international finance," Axilrod explained during a hearing before the Securities Subcommittee of the U.S. Senate Committee on Banking, Housing and Urban Affairs, last June.

The operative word here appears to be "transitional."

Furthermore, the expense of instigating and maintaining a Japanese investor relations program approaches the astronomical, and results are nearly impossible to measure in hard dollars—or yen.

However, given that many companies feel strongly that they can't afford *not* to be in Japan, the real issue comes down to determining the best way to establish a beachhead.

There are several schools of thought among IR practitioners, both corporate and counseling, when it comes to how to form a fruitful financial relationship with the Japanese.

There is a "don't bother even trying" school. There is the "yes, bother—but don't bother listing" school. And there is the "don't bother if you aren't intending to list" school.

To list or not to list

The Tokyo Stock Exchange (TSE) is the world's single largest equities marketplace, with a total capitalization on the order of $3.6 trillion. Trading value in 1988 amounted to $2.04 trillion, compared with New York Stock Exchange (NYSE) value of $1.37 trillion.

About 70 percent of the equities listed on the Tokyo exchange are owned by institutions or corporations. TSE stocks are typically characterized as low-yield,

"Nine out of 10 companies listed shouldn't be, because they're not prepared to commit"

high price-earnings (PE) ratio equities.

As of the end of 1989, 119 foreign companies were listed on the TSE; 70—or close to 60 percent—were U.S.-based. In comparison, there are currently 89 foreign companies listed on the NYSE, 13 of which joined in 1989 and nine of which are Japanese-based companies.

Though the number of foreign companies listed on the TSE has increased tenfold since 1984, there has been a considerable fall-off in the number of companies listing in the past year. The boom years for listing were between 1985 and 1988, when 99 companies signed on, a result of several factors.

First, according to the SIA's Strongin, when the Japanese government liberalized access to foreign markets in the mid-1980s, a pent-up demand for foreign securities was released, manifest in the "spectacular" capital flows out of the country. "Because the U.S. is the world's largest and most inviting market, it poured this way," he says.

At about the same time, a number of regulatory measures simplified Japanese listing requirements and reduced costs. The rally in listing activity was further fueled by competition among the so-called "Big Four" (Daiwa, Nikko, Yamaichi and Nomura), the dominant Japanese securities firms. These banks went after American firms for their listing business, hoping this would pave the way for longer-term, lucrative banking relationships.

Interest levelling off

Consultant William A. Clark of IR Japan, a Tokyo-based IR firm, asserted in his Autumn 1989 "Japan Insight" IR newsletter that "the boom of the last four years was entirely generated" by the Big Four, which have since quelled their campaigns to entice foreigners to list.

Others cite different factors for the cooling of listing fever. "The process for getting listing approval is ominous: labor-intensive, costly and very time consuming," notes NCNB's Page. (On the bright side, he adds, any subsequent activity is handled efficiently.)

"All of the major companies with extensive multinational networks in Japan have already positioned themselves through listing," says Jeffrey R. Knakal, vice president of investment banking at Daiwa.

But, continues Knakal, it's also true that "the fundamentals of share purchases haven't been all that favorable, given the yen appreciation."

A rude awakening

The strategic justification for U.S. companies for instigating programs that ultimately led to listing on the TSE was that they were necessary to establish a presence and to remain competitive in an ever-diversifying global marketplace. In the mid-'80s, companies looking to increase their financial, operational or investment business relationships in Japan, tended to consider involvement in the Japanese securities markets inevitable.

But many who once considered listing in Japan a manifest destiny have since made the unhappy discovery that the list of tangible IR benefits from trading on the TSE can be very short.

This awareness began long before the recent plunge in the Japanese stock market, which has had little impact on U.S. stocks listed on the TSE. (Foreign stocks on the TSE follow their home markets, not the TSE, according to Denise Lee Hurley, assistant vice president, corporate finance for Yamaichi International America.) The real problems are ongoing. For example, even on a good day, volume for U.S. stocks tends to be anemic. Currency plays frequently drive the market—in fact, the majority of Japanese purchases of U.S. equities are executed in New York. The high PE ratios of Japanese stocks turned out not to be a contagious condition, but rather a function of the low float of Japanese stocks, cross investment programs and understated earnings. Tokyo is an expensive place to trade compared to New York, where commissions can be negotiated and transaction taxes, transfer fees and duties avoided.

Worst of all, however, is the cost of listing itself—the factor cited by many IR directors as the main reason they chose not to pursue this option. While somewhat more manageable, a company setting out to list can count on spending at least $200,000 for initiation fees and another $100,000 for continuance costs.

Add to these the ongoing costs of doing IR, which can run upwards of $150,000 per year. In addition to travel expenses, there are significant costs involved for professional fees for translation of documents required by the Minister of Finance, as well as legal and accounting expenses. There are also time costs involved. "Let's face it, any way you cut it, it's a week-long trip" to Japan, says one IR director whose company has chosen not to start an IR program in Japan.

One of the primary justifications for

In a recent article titled "You Can Make Money in Japan" (February 12) *Fortune* listed 18 U.S. corporate giants and their Japanese product sales for fiscal 1988. Sixteen of the companies listed are publicly traded. Of these, only the five indicated by a # above are *not* listed on the Tokyo Stock Exchange. The exceptions are Digital Equipment Corporation, which does not meet listing requirements as it does not issue a dividend; Coca-Cola, which holds periodic meetings in Japan and maintains contact with Japanese investors through its bottlers; and NCR, which is listed through its subsidiary NCR Japan and also offers programs in New York. The other two companies on the list, Pfizer and Caterpillar, both have considered listings on an ongoing basis but have decided not to at the present time, according to their spokespersons.—*M B L*

American Giants in Japan: Who's TSE-Listed?

COMPANY	SALES* in millions, fiscal 1988
IBM	$8,800
Exxon	$6,700
Mobil	$5,900
Coca-Cola #	$3,400
Caltex•	$2,600
Du Pont	$791
Eastman Kodak	$750**
Motorola	$750**
Caterpillar #	$741
Texas Instruments	$706
Hewlett-Packard	$613
NCR #	$536
McDonald's	$535
Amway•	$522
Digital Equipment #	$510
General Electric	$506
Dow Chemical	$486
Pfizer #	$438

**Adjusted to exclude Japanese share of joint ventures Source: ASIA Advisory Service. ** Fortune estimate*

# Not listed on TSE **• Not publicly traded**

listing—the ability to make public offerings—has been rendered obsolete by a recent Ministry of Finance ruling that permits unlisted companies to offer shares denominated in dollars in Japan. The first U.S. company to do so was Coastal Corporation, a diversified energy company based in Houston, Texas, which announced in September 1989 that it had filed for an offering of eight million common shares, of which two million were earmarked for Japan. The offering, handled in Asia by Nomura, was ultimately oversubscribed.

Interestingly, according to a company spokesman, Coastal Corporation currently has no operations or product sales in Japan.

Then, too, there is the "f"-word: flow-back. This occurs when the placement of shares in a foreign domicile are held for a while and then sold back to the home exchange. There are stories of foreign placements on the TSE that have beaten company officials back to the home market. "The stock flies back faster than you can," notes one IR director. Use of market-makers can limit the occurrence of flow-back; however, this requires an active capital commitment by a sponsor.

One TSE requirement is the guarantee of a minimum of 1,000 shareholders at the time of initial listing. As of May 1989, for 99 foreign companies listed on the TSE, the median number of shareholders was 1,959. However, 50 of those companies had fewer than 1,000 shareholders. As of December, for 113 companies listed, again more than half—63 companies—had fewer than 1,000 shareholders as of their most recent record date in Japan.

Payoffs down the line?

Given 20-20 hindsight, several IR directors recently interviewed said that they would not again recommend listing on the TSE to their managements, though they would still pursue programs in Japan for marketing and recruiting purposes. "We are hoping the benefits are somewhere down the line," says one whose company listed in 1987.

"People are finally getting smarter about allocating their resources—time, money, energy—to Japanese IR programs," observes Doremus Executive Vice President Robert D. Ferris. "While an IR director must always be mindful of the capital markets no matter where they are, a strategic approach is warranted. It's truly an underdeveloped market with a substantial communications barrier to entry."

Still, many investor relations directors at TSE-listed companies vigorously defend their decision. Frank N. Hawkins Jr., vice president-corporate relations and planning at Knight-Ridder Corporation in Miami, a $2 billion information services and on-line information company, says he has been quite pleased with the results of the past 18 months. Describing himself as "practically a commuter," Hawkins combines product and financial marketing tasks in his twice-yearly trips.

The primary impetus behind listing Knight-Ridder was to support the company's vast and growing network of information businesses in Asia. Hawkins asserts that flow-back does not faze him: He simply returns and issues additional stock in Tokyo. What does impress him is the opportunity presented to develop long-term relationships that will benefit both the company's product sales and equity growth.

Among other reasons forwarded for joining the TSE is that for companies with

Japanese institutional investors attending a joint presentation meeting in Tokyo for Lowe's Companies, Inc. and the Stanley Works, arranged by The Nikko Securities Co., Ltd.

Working around the Big Four

"The Nikko Securities Co. International, Inc. is pleased to invite (name of company) to participate in a financial presentation meeting for a limited number of Japanese institutional investors in New York. The meeting will be hosted by Nikko Securities and can be arranged at your convenience."

Thus begins the packet of materials Nikko Securities prepares for prospective clients it is actively soliciting for listing business.

Competing against the Big Four securities firms—Nikko, Yamaichi, Daiwa and Nomura—is tough for consulting firms specializing in investor relations. Not only do the Big Four take on the responsibility for setting up the initial presentation meetings for companies interested in testing the waters in New York; they also foot the bill. Once the show moves on to Tokyo, however, the company is expected to pick up the expenses (which can be on the order of $35,000) for larger presentations at one of the major Tokyo hotels.

Once a company is listed, an annual trip to Japan is recommended, says Denise Hurley at Yamaichi. This would be sponsored by the listing bank and include a large luncheon presentation, a presentation at the Japan Securities Analyst Association, plus one-on-one meetings with large institutional investors. Hurley says the arrangements are made through Yamaichi foreign stock salespeople, "so in essence, the investors are prequalified." She also recommends that companies "amortize" the cost of the trip by arranging to meet with their Japanese bankers.

So where does this leave the outside investor relations consultant? A handful are managing to carve out niches around, though rarely through, the work of the Big Four.

The Big Four do a terrific job of turning out their own clients, say several consultants, but do not do such a good job of targeting decision makers. They also don't provide media relations support. And for smaller companies interested in broad exposure, an independent consulting firm may be the only recourse, especially if they don't meet listing requirements.

Among the hot independents now in the Japanese IR field are the financial and investor communications firms of Dewe Rogerson, Gavin Anderson & Company, Georgeson & Company and G.A. Kraut Company.—*MBL* extensive operations in Japan, listing demonstrates to the Japanese a commitment to their country and marketplaces, both product and financial. More than one IR director also mentioned that there is a benefit for doing business with the Japanese in the United States: A Tokyo-listed company has, in effect, the Minister of Finance's "seal of approval."

"Clearly, listing serves to enhance and increase the profile of the company with Japanese investors because it involves an approval process by the TSE and Minister of Finance," states Daiwa's Knakal. "In a sense Japan, in an institutional context, has passed judgment."

In other words, listing on the Tokyo exchange, while it may have questionable financial merit, can be very effective public relations.

Digging in for the long-term

R. Lee Anderson II, senior vice president, investor relations at American Family Corporation, a Columbus, Georgia-based insurer, is a strong advocate of listing. But, he cautions, it isn't necessarily the right move for many companies. "Nine out of 10 companies currently listed shouldn't be," he asserts, "because they're really not prepared to commit the time and money in the Japanese market that it takes to succeed. Unless the company is a major household name, there's little chance it will be followed or chosen as an investment."

American Family's involvement in Japan is substantial. About 80 percent of its business is in that country. "The Japanese are very insurance oriented," explains Anderson, who points out that AF is the third most successful U.S. corporation in Japan. The Japanese insure approximately 20 percent of the population and, more important, one out of every three stockbrokers has an American Family policy. The company is also the 75th largest recruiter of Japanese college graduates among all companies in the country.

> **"Until recently, investor relations has been all but unknown in Japan"**

No wonder, then, that Anderson's IR program is intense. He spends 30 to 45 days per year in Tokyo, and has personally escorted groups of U.S. money managers to Tokyo and other Japanese financial centers every other year since 1981. He boasts of the attendance he is able to attract to his meetings: "In 1987, I had 980 people in Tokyo and 450 in Osaka during a typhoon. We expected 600, but the weather forced some cancellations."

By sponsoring his own meetings, Anderson says he can broaden attendance to include smaller but still significant money management and brokerage houses. However, he does advise those starting up in Japan to rely at first on one of the Big Four banks or the up-and-coming "Little Two:" New Japan and NKK.

"In dealing with the Japanese, I've learned patience," Anderson notes, adding that the only way to run a successful investor relations program in Japan is to "take the Japanese approach—look at the long term. It is simply not worth it from a short-term point of view."

Alternatives to listing

For those who are unconvinced of the efficacy of listing on the TSE, or whose companies do not meet the stringent entry requirements *(see box, page 24)*, there are alternatives for tapping into Japanese investment potential.

Published lists of sponsored meetings show that more than half of the companies holding presentation meetings in Tokyo in '89 weren't listed on the Tokyo exchange. In combination with one-on-one appointments, these presentations can effec-

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tively pique the interest of Japanese investment managers.

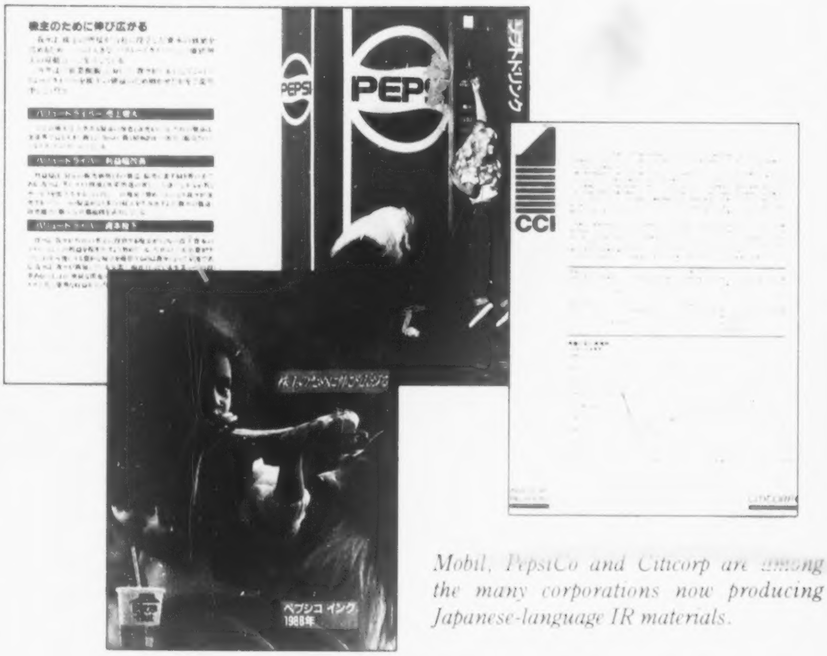
All indications are that the Big Four are still pleased to assist companies desiring a presence in Japan, whether or not they list. Hurley of Yamaichi International America describes her program as focusing on medium and smaller companies with "logical reasons for being involved in Japan—plans for expansion, subsidiary activities or specific business purposes." Nikko Securities Company Assistant Vice President Michael H. Brown is currently recruiting among U.S. companies in the Southwest that previously weren't interested in expanding their IR programs internationally but are in a better position to do so now that oil and industry are coming back in that area.

Stanley Works, a $1.5 billion manufacturer of hand tools and hardware-related products, is one such company. For the New Britain, Connecticut-based company's Vice President of Public Affairs Ronald F. Gilrain, the key is awareness and name recognition. He describes his company as a long-term player that has been developing markets around the world since the end of the 19th century. The company currently has operations or ventures not only in Japan but also Singapore, Hong Kong, Australia and Taiwan, with China "on hold."

According to Gilrain, Stanley decided to implement an IR effort in Japan to enhance its visibility: "We saw an opportunity to combine a business presence with investment awareness that we hope will grow." But Gilrain believes this can be accomplished, at present, without listing.

What about working Japanese IR from the United States? Until recently, some consultants, including IR Japan's Bill Clark, scoffed at the notion of cultivating contacts in New York, a practice actively encouraged by the Big Four, particularly as part of a company's "test the waters" effort.

But fewer and fewer are scoffing now. "You don't have to be listed to access the Japanese markets," says Hill and Knowlton Vice President Paul Whitelaw. One reason is that more and more investment decision powers are being delegated to New York-based representatives of Japa-



Mobil, PepsiCo and Citicorp are among the many corporations now producing Japanese-language IR materials.

Tokyo Stock Exchange, foreign section
1984–1989 trading volume and value

	# of companies listed at year end	Daily average volume (000s)	Daily average value (m ¥)
1984	11	16	324
1985	21	461	2,994
1986	52	1110	4,129
1987	88	2756	12,661
1988	112	792	2,913
1989	119	1928	11,235

Source: Tokyo Stock Exchange, courtesy of Nikko Securities

After increasing from between 69 percent to 147 percent each year between 1984 and 1987, the rise in the number of foreign companies listing on the TSE dropped to 27 percent between 1987 and 1988 and to only 6 percent last year.

Many non-Japanese companies cannot meet the TSE's stringent listing requirements (listed at right).

Tokyo Stock Exchange:
Minimum requirements for listing foreign stock

• **Liquidity requirement:**	"The stock is . . . required to have a good liquidity in the home market."
• **Shareholders:**	Minimum 1,000 in Japan
• **Continuous business operation:**	5 years
• **Shareholder's equity:**	¥ 10 billion minimum
• **Net profit before taxes:**	¥ 2 billion minimum for past 3 years
• **Dividends:**	Record of dividend paid for past 3 years
• **Minimum shares listed:**	At least 20 million for stock traded in blocks of 1,000; 2 million for stock traded in blocks of 100; 1 million for stock traded in blocks of 50; 200,000 for stock traded in blocks of 10; 20,000 for stock traded in blocks of 1

Source: Tokyo Stock Exchange

nese investment banks. The typical format for a U.S.-held meeting is a luncheon, with arrangements orchestrated by one of the Japanese banks.

Still, though many are choosing these alternatives, listing can still be a viable option for companies with deep pockets and staying power. Even Clark, who as recently as July of last year would openly declare that "listing is a fraud and a sham," has softened his stance. "Things are changing," he says, "and there is probably now an opportunity for companies to engage in cost-effective IR, due to progress made by the Japanese politico-economic system internationally."

Learning curve continues

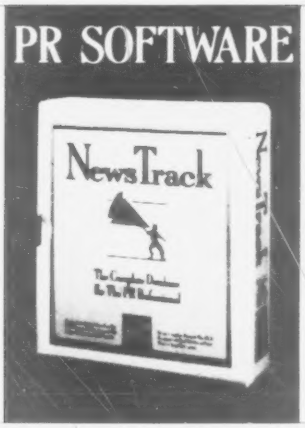
Clearly, for IR officers at U.S. corporations and for investment managers at Japanese institutions, the learning curve in the 1980s was steep. For many, it was pricey, as well. As few as two years ago, IR programs in Japan were being touted at National Investor Relations Institute meetings as "a good opportunity to diversify your shareholder base," something few would take seriously now. But the Japanese audiences, as promised, have been receptive to U.S. investor relations efforts, and Japanese corporations are beginning to show signs of developing their own programs of active, investor-oriented communications.

When American companies barnstormed Japan beginning half a dozen years ago, it was too often a case of an irresistible force meeting an immovable object. But today, U.S. companies are more savvy about dealing with Japanese investors, and that segment, in turn, has become more accepting, even tolerant, of the American means of communicating financial opportunities.

The listing issue aside, most IR executives interviewed say that any company committed to exposing its story and building familiarity with sources of capital on a global basis—rather than having to build an identity from scratch concurrent with efforts to raise funds—would be well-advised to seriously consider the long-term benefits of starting a program with Japanese investors. Contacts should be cultivated both domestically and abroad, they stress.

"Not every multinational company wants to be positioned in Japan—but most do," notes Knakal. "And if they do, they have to understand that a Japanese IR program is not a transaction, it's an investment."

Mary Lowengard is an independent consultant and writer specializing in investor and public relations.



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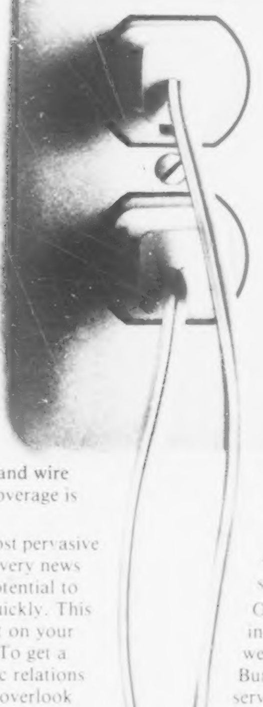

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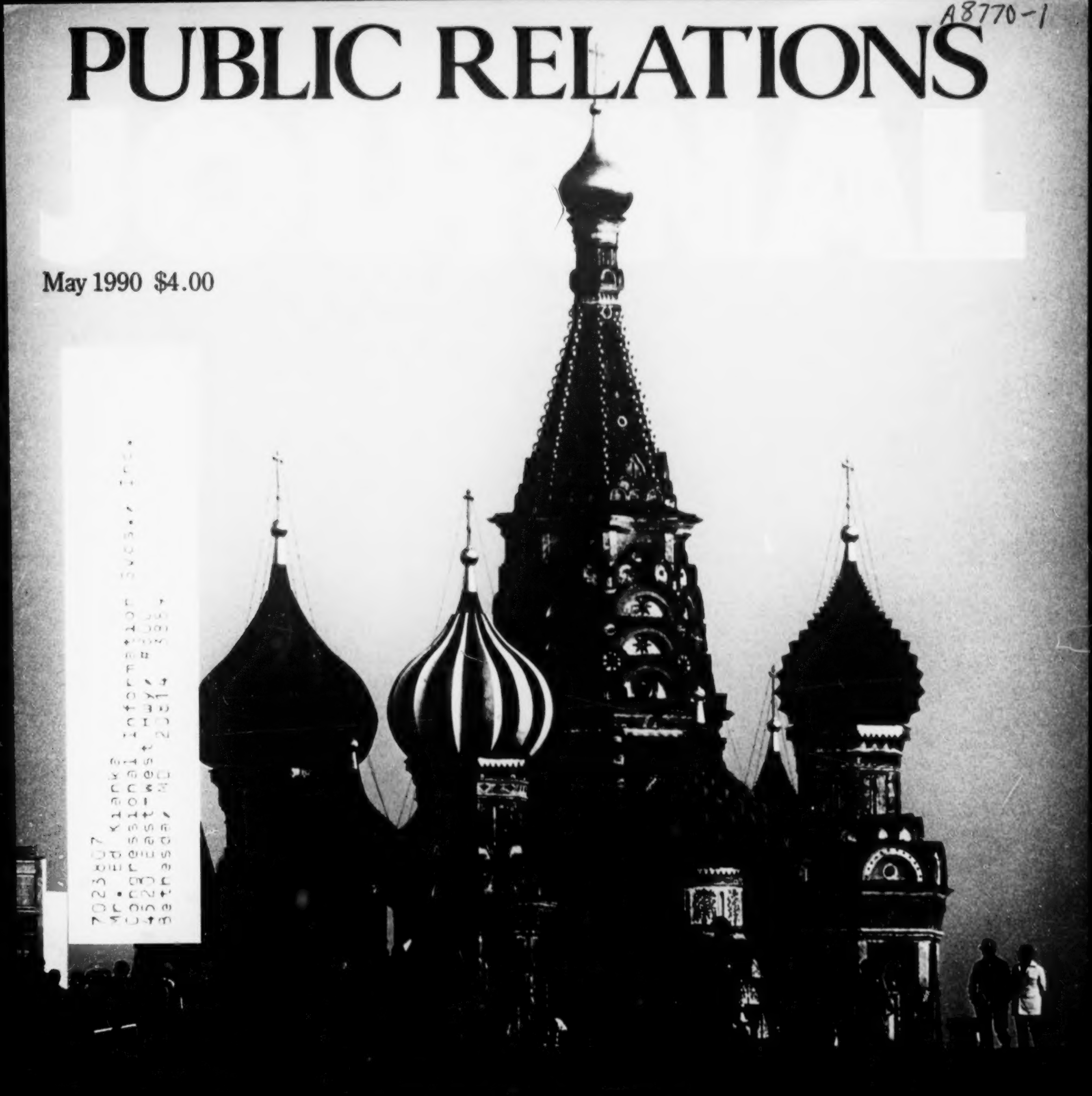

TRAVEL AND TOURISM

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Freelance Travel Expenses: Who Pays?

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Aaron D. Cushman, APR

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Cover art: *Pete Turner/The Image Bank*

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INSIDE TRACK

Expanding horizons in travel, marketing

Public relations practitioners specializing in travel and tourism have never been more active. Domestically, travel expenditures increased by $64 billion between 1985 and 1988, to total $309 billion. Last year, 1.3 billion people travelled within the United States, according to the U.S. Travel Data Center, a nonprofit center for national and tourism research. Travel and tourism is the third-largest industry in the country (behind automotive dealers and food stores), and some predict that it may be in first place by the end of this decade, reports Scott Dring, media relations assistant for the center.

Internationally, one of the most interesting new aspects of the travel boom is the recent jump in U.S. tourist and business travel to Eastern Europe and the U.S.S.R. *(page 20)*. While potential revenue from this region is still limited, practitioners who have gotten their feet wet say they're enjoying the challenges and are optimistic about greater opportunities ahead.

As travel and tourism coverage has expanded in the media, the issue of who pays for travel writers' expenses has been coming up more and more. Mac Seligman, a seasoned travel practitioner who has grappled with the dilemma over the years, discussed the topic with editors, freelance travel writers and public relations people specializing in travel – in all, more than 40 interviews – as research for the opinion piece starting on page 27. As he notes, an increasing number of publications, concerned with possible conflicts of interest in travel coverage, are instituting policies against accepting any articles that result from trips subsidized by destinations. Whether or not you agree with his conclusions, the subject is one that warrants open discussion. We'll be looking forward to your feedback.

Another area, marketing public relations, is also experiencing a major upsurge in activity. Aaron D. Cushman reports *(page 17)* that firms throughout the country are being approached by organizations that have previously relied almost exclusively on advertising and direct mail. The signs are particularly heartening to all of these practitioners out there who have been trying to get the message across to marketing directors for many years. If you'd like to share your own marketing expertise in our Marketing Public Relations column, drop us a line.

As a result of more turmoil on the Tokyo Stock Exchange after we went to press with April, the TSE is no longer the "world's single-largest equities marketplace," as we indicated in the cover story, "An End to the Yen to List?" Noting the acceleration of the plunge, one IR executive who'd been interviewed for the piece remarked, "Well, securities markets are dynamic. That's the risk..."

Karlene Lukovitz, Editor

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Los Angeles-based firm that produces and distributes VNRs. Cost savings, she adds, can be best maximized only when it makes "good sense" to produce a VNR.

For example, Rowland shot a VNR at an interior decorating trade show for its client, Decorate-It! Inc., Woodlands, California. After the newsworthiness faded, the footage, which featured the client's new wall decoration for children, was later re-edited into a sales video.

Movies and public TV

Other companies have also found an outlet for their films on public broadcasting TV stations. Mercedes-Benz, for example, celebrated the centennial of the automobile in 1986 by producing a film entitled, "The Automobile," which was picked up by PBS for its 300 affiliates.

Documentation on videotape need not be limited to a one-time event. Ongoing activities can also work well as videos for distribution to either a general audience or specialized market. Kraft's boat ride at the Epcot Center is one of the major shows at The Land pavilion. Kraft decided "to share the exciting educational elements of The Land with more young people" by producing and distributing an 18-minute film to junior and senior high schools, according to Kathy Knuft, a Kraft spokesperson. The film, "Food for the Future," teaches students about food crops and agricultural technologies that may someday feed the Earth's growing population. In the three years since its distribution, the film has been shown to nearly 775,000 students. ☐

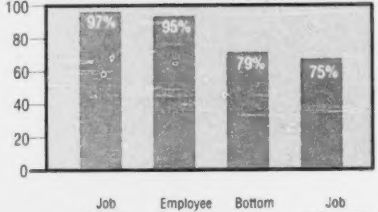
CEOs say they neglect employee communications

While acknowledging that communicating on a regular basis with rank-and-file employees improves worker performance and the bottom line, most CEOs of top U.S. companies say they're still not spending enough time on employee communications.

A recent nationwide survey of Fortune 500 CEOs (164 responded), conducted by the management consulting firm A. Foster Higgins & Co., Inc., reveals that CEOs, on average, now spend 18.6 percent of their time communicating with employees. Ideally, CEOs say they would like to devote about one-fourth of their time to this function.

"Clearly, CEOs recognize their leadership role in communicating with employees and the enormous potential impact of that communication," says Richard J. Knapp, principal at Foster Higgins, New York. "But there's a gap between how CEOs want to act and how they actually behave." Almost nine out of 10 CEOs (87 percent) said other demands preclude them from spending more time on employee communications. ☐

CEOs assess their employee communications impact



Source: A. Foster Higgins & Co., Inc.

Percentages of CEOs citing positive impact on four factors.

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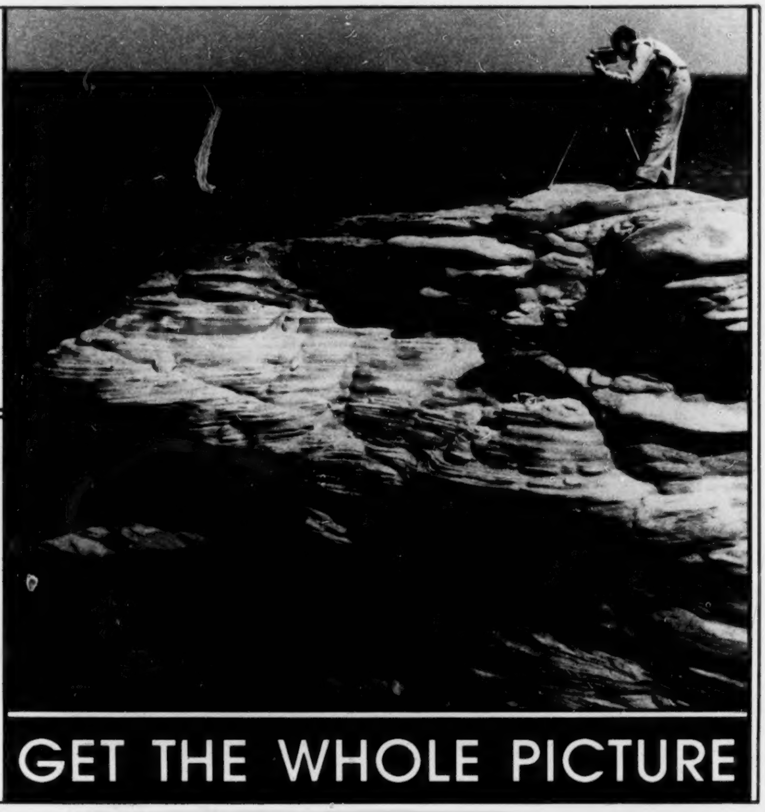

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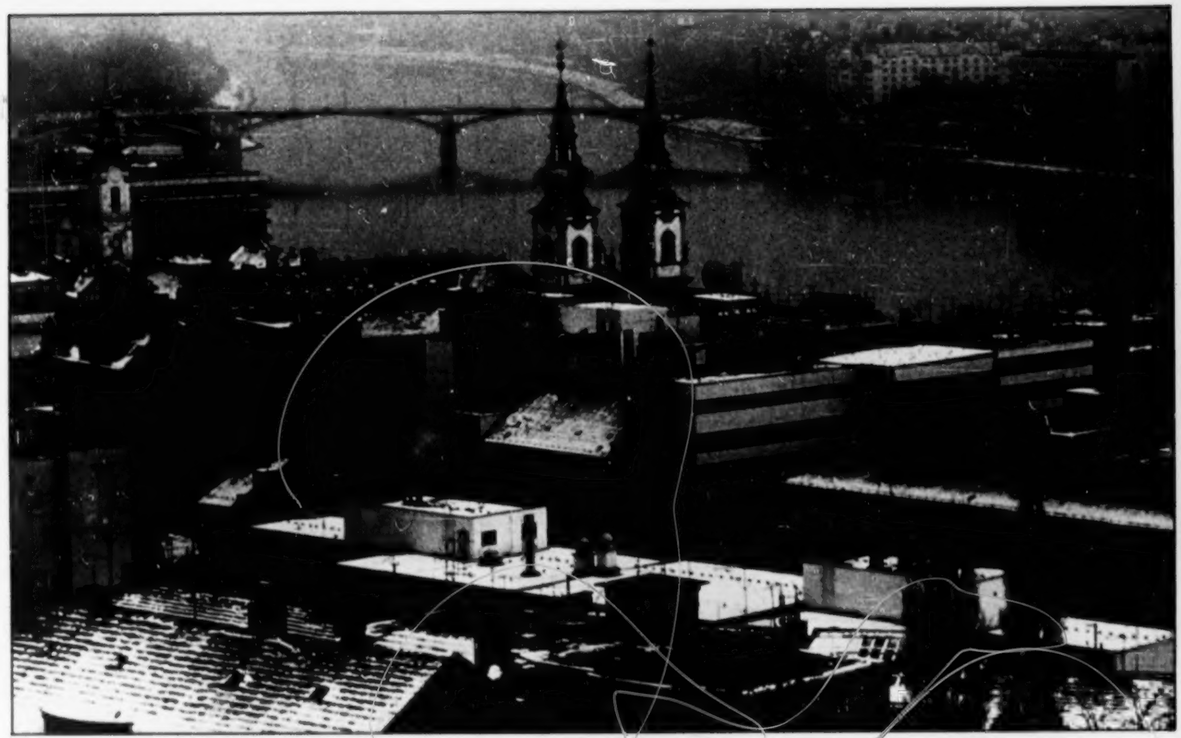


BACK IN THE U.S.S.R.

AND EASTERN EUROPE

For practitioners specializing in travel, Eastern Europe and the Soviet Union represent intriguing "new" destinations and opportunities

EDMUND ANTROBUS

Last year, the travel public relations firm of Karen Weiner Escalera surveyed international tourist directors about which region and nation would experience the greatest growth in tourism from the United States over the next decade. Given the thaw in relations between the United States and the U.S.S.R., they weren't particularly surprised to find that 36 percent named Eastern Europe as the number one growth region and the Soviet Union as the top growth country.

But even travel practitioners have been surprised by just how *much* Eastern European tourism has snowballed since last year. Calls made in March of this year to various embassies in Washington revealed that *twice* as many Americans are applying for visas to the Soviet Union and certain Eastern European countries as applied in 1989. The embassy people say they can hardly keep up with the issuances. The U.S.S.R., the German Democratic Republic (East Germany) and Czechoslovakia are all projecting nearly 100 percent increases in tourism over last year. Bulgaria, Hungary, Poland, Romania and Yugoslavia each have had 70 to 80 percent increases.

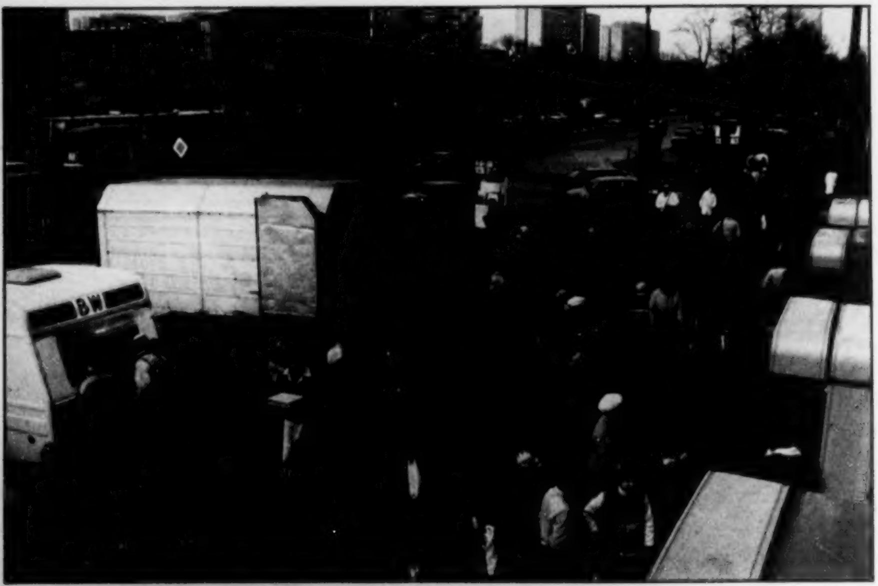
Brave new world

A "new" travel destination is a rare opportunity for public relations practitioners specializing in travel. With a part of Europe largely dismissed by most American tourists for 40 years coming on line, new travel accounts beckon, as well as an opportunity to participate in international bridge-building.

And, self-interest aside, practitioners point out that the countries in question have a great deal to gain from the increase in tourism.

While United States citizens have by and large avoided this part of the world, many Eastern bloc countries have continued to enjoy a steady and sizeable stream of other tourists. Bulgaria has almost seven million visitors annually, only 20,000 of whom are from the United States. Czechoslovakia draws 17 million tourists, of which only 80,000 are American. And Hungary, a marvelous tourist country that has more visitors than population (10 million compared to 15 million), welcomes only about 120,000 American tourists each year. Other countries in the region report similar numbers.

As of this year, that is clearly changing. The Eastern European countries and the Soviet Union may well see more American tourists this year than ever before. And as more hotels open and air service expands, their numbers will continue to grow. Some



Scenes of historic beauty commingle with signs of economic stress and rapid change in Eastern Europe: An aerial view of Budapest; farmers selling meat in open air market in Poland; Hungarians meet Ronald McDonald. All photos were taken by Black Star, which recently expanded into Eastern Europe and the Soviet Union to service U.S. corporations with operations in the area.

predict that 1991 will be an even better year than 1990.

Four target groups

Still, just how promising is this area for U.S. practitioners seeking to expand their client bases? To assess that, you need to look at what kinds of groups are visiting now, the status of the infrastructure in Eastern Europe and the U.S.S.R., the funding of tourism boards in these countries, and the special sales points that make the areas ripe for growth.

In part, the situation is reminiscent of the early 1950s, when European travel demand, pent up during World War II, burst forth in a wave of American tourists. Now, with the breaking down of the Berlin Wall, Americans who have longed to visit friends and relatives in Eastern Europe can readily realize their dream. Although hard statistics about tourism in this rapidly changing destination area are still hard to obtain, the embassies say that it seems clear that these so-called "ethnic travelers" are the largest single group accounting for the new influx.

The second-largest and rapidly growing group consists of business travelers seeking opportunity in a region where business practices and markets are at last being liberalized. The simultaneous shredding of the Iron Curtain and the emerging European Economic Community offer a wealth of possibilities that need to be quickly assessed.

There are also the tourists who are going out of sheer curiosity and a desire to experience a small part of the historic change as democracy sweeps through the Soviet Union and Eastern Europe. "One of our major themes is that one can be a witness to history," says Linda Kundell, associate director of Herman Associates, a public relations firm that represents U.S.-based Trafalgar Tours. Trafalgar recently doubled its departures to the Soviet Union and offers tours encompassing Eastern Europe.

And then there are the "sophisticated travelers." These perennial travelers are eager to experience the art, music and folk culture in the *new* Europe: Eastern Europe.

"I just did an update on Prague, explaining what's new, that was picked up by a number of publications," says Betty Vaughn, who has handled various projects for CEDOK, the Czechoslovakian tourist agency, for the past 16 years, as well as for Bulgaria, the Soviet Union and a Polish tour operator. "It covered everything from new types of beer to spas to how to get from here to there." Noting that U.S. publications serving sophisticated audiences have been very receptive to Eastern European stories of late, Vaughn cites an article about the mansions and castles of Czechoslovakia that was written by a *House & Garden* editor and run in that publication's "Home Furnishings" section.

She's now promoting a casino in Czechoslovakia, as well as planning a video for travel agents, tour operators and public sale that will feature Czechoslovakia, Poland and Hungary. "You want to show a little romance and feature some major sights and good restaurants," she says.

Similarly, Herman Associates is wooing the jet-set crowd with events like luncheons at New York's Russian Tea Room.

No conflict of interest

Practitioners interested in tapping the Eastern bloc's potential for new clients should initially look to the tourist boards of individual Eastern European countries – both for direct project work and for leads as to which companies serve the region and might be open to hiring publicists. *(See "The Search for Clients," page 24.)*

Sophisticated travelers who've been to Western Europe several times are eager to experience the "new" Europe

These tourist boards are state-owned, with the exception of Hungary's, which is partially state-owned and about to be listed on the Viennese stock exchange.

Several of the boards are virtual giants. Czechoslovakia's CEDOK ranks among the 10 largest in the world. It employs 15,000 people, has 163 branches and has sent its representatives to 18 countries throughout the world. It has a system of 150 Interhotels, 48 motor coaches, 15 minibuses, and access to 9,000 guides, who speak 16 languages.

CEDOK has its own public relations and advertising departments. But anything its U.S. office can't do itself, or the home office can't supply, is assigned to public relations firms willing to work on a project basis.

There is no "conflict of interest" consideration. The outside public relations people can do work for as many countries as they wish. "It's not like working for Western Europe or the Caribbean in this respect," explains Vaughn. "No retainer fee is paid; just payment by the job. Nevertheless, we regard them as our regular clients. We contact them or they contact us

"AN INVESTMENT OPPORTUNITY"

Gary Tobin, vice president, public affairs, U.S., for American Express Travel Related Services, has been involved with Eastern Europe and the Soviet Union since 1988, when he went to the Soviet Union to help establish that country's first automated teller machines for American Express. (American Express cards are now accepted at 1,000 outlets in the U.S.S.R.)

American Express is currently the only U.S.-based travel agency with an office in the Soviet Union, aside from the state-owned INTOURIST. The travel company has long-standing relationships with 40 state-owned travel agencies throughout the Eastern bloc region, as well as an office in Moscow staffed by Soviet citizens and managed by an American. Tobin assists as liaison among governments, agencies and businesses on both sides, working on special projects as varied as bringing American MBA candidates over to meet with Soviet officials and sponsoring the Moscow Circus tour in this country.

In Tobin's view, there's no doubt that the U.S.S.R. and Eastern bloc countries present opportunities for U.S. public relations practitioners in the travel field and other specialties. But he stresses that any firm looking at the area must think in terms of long-term benefits rather than short-term payoffs. "It's an investment opportunity," he says.

"If making money now is your primary goal, you'd have to conclude, after weighing the pros and cons, that the risks outweigh the opportunities," he says. Because of the scarcity of hard currency – particularly American dollars – payment requires negotiation. "You can trade for goods, you can take rubles – but the currency won't do you any good outside of the country – or you can keep your money in the country and hope that they will at some point build or make something that you want to buy," Tobin explains.

The competition for what business exists is intense. "There are maybe six million 'companies' to serve and three million entrepreneurs over there trying to figure out how to make money," Tobin says, adding that the British, Scandinavians and Japanese have a decided jump on the market.

Although U.S. tourism to the area is growing rapidly, "we could double and triple our numbers over there several times" and still not catch up to the influx from other Western European countries, Tobin notes.

Firms and companies that do venture into the tourism market must be aware that there is severe economic hardship in every country, that the English language is rarely spoken outside of major cities, and that, in addition to the scarcity of accommodations and relative scarcity of airline service, business tools taken for granted here are rare commodities in the U.S.S.R. and many Eastern bloc countries. "Making calls within the Soviet Union is relatively easy if you have the phone numbers you need, but trying to call out of the country is difficult," Tobin reports. "There are few fax or answering machines, and copying machines were restricted until recently."

In addition, travel arrangements tend to be rigid. The difficulty in dealing with a particular country depends on how Westernized and open it has been in recent years; Hungary, Czechoslovakia, Poland and Yugoslavia are less rigid, while East Germany and Romania have been quite inflexible.

The Soviet media – including the television network, which is "relatively easy to work with," according to Tobin, are receptive to covering U.S. companies if the approach is educational. "They want to educate people about capitalism," he says. "We worked with McDonald's, and found the media open to covering, for example, how to use a fast food chain."

Even with all of the challenges, "If you have any intention of doing so, now is the time to begin building relationships," Tobin advises. "In some countries, it may be too late; in others, it probably isn't. It's important to establish relationships, because they'll remember you later as having been willing to be there when it was still difficult. And your connections there may well enhance your reputation and bring you accounts in other countries."

Moreover, Tobin says, "Communications is an incredibly important part of all that's going on now in these countries. You'll be able to look back and say that, within your own specialty, you participated in the biggest political story of the decade – possibly of the entire 20th century." – *KL*

THE SEARCH FOR CLIENTS

Where to begin

The following are the names, addresses and telephone numbers of Eastern European and Soviet Union tourist agencies and airlines with offices in the United States. Contacting them can be a first step in looking for clients.

BULGARIA

National tourist office
Balkan Holidays/USA/Ltd.
161 East 86th Street
New York, NY 10028
(212) 722-1110

National carrier
Balkan Airline
c/o Balkan Holidays
161 East 86th Street
New York, NY 10028
(212) 722-1110

CZECHOSLOVAKIA

National tourist office
CEDOK, Czechoslovak Travel Bureau
10 East 40th Street
New York, NY 10016
(212) 689-9720

National carrier
CSA-Czechoslovak Airlines
545 Fifth Avenue
New York, NY 10106
(212) 682-5833

HUNGARY

National tourist office
IBUSZ Hungarian Travel Company
One Parker Place, Suite 1104
Fort Lee, NJ 07024
(201) 592-8585

National carrier
MALEV Hungarian Airlines
630 Fifth Avenue
New York, NY 10111
(212) 757-6760

GERMAN DEMOCRATIC REPUBLIC
(EAST GERMANY)

National tourist office
REISEBÜRO der Deutschen
Demokratischen
Republik General direktion
PSF 77, DDR-1026 Berlin, GDR
/2/2150. There is no U.S. office.
Tourists can make arrangements to
visit East Germany through those
officially accredited by the Reisebüro
der D.D.R., among them:
Koch Travel
157 East 86th Street
New York, NY 10028
(212) 369-3800

National carrier
None.

POLAND

National tourist office
Polish National Tourist Office
333 North Michigan Avenue
Chicago, IL 60601
(312) 236-9013

National carrier
LOT Polish Airlines
500 Fifth Avenue
New York, NY 10110
(212) 944-8116

SOVIET UNION

National tourist office
INTOURIST
630 Fifth Avenue
New York, NY 10111
(212) 757-3884

National Carrier
AEROFLOT
630 Fifth Avenue, Suite 241
New York, NY 10111
(212) 397-1660
or:
1604 K Street, N.W.
Washington, DC 20006
(202) 429-4922

YUGOSLAVIA

National tourist office
Yugoslav National Tourist Office
630 Fifth Avenue, Suite 280
New York, NY 10111
(212) 757-2801

National carrier
JAT Yugoslav Airlines
630 Fifth Avenue
New York, NY 10111
(212) 765-4050

ROMANIA

National tourist office
Romanian National Tourist Office
573 Third Avenue
New York, NY 10016
(212) 697-6971

National carrier
TAROM Romanian Airlines
200 East 38th Street
New York, NY 10016
(212) 687-6013

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if a particular job has to be done."

"Some of my best jobs have come about as a result of one country recommending me to another," says L. Hamlyn Hobden, head of a Montreal-based firm that frequently works for Eastern European countries and the U.S.S.R. His client list includes CSA, the Czech airline, as well as Aeroflot, the Soviet national carrier, which indicates that airlines don't object to this practice, either.

Projects involve writing special press releases and trade publication advertising copy and organizing press tours, press lunches and trade shows.

Medals – but limited funds

While not having to worry about conflicts of interest is refreshing, one of the big problems in cultivating travel business related to the Eastern bloc and the U.S.S.R. is a lack of funds.

On one hand, there's no doubt that public relations is valued in these countries. With little hard currency available for advertising, many of them have relied very heavily on public relations for years now.

And, to show their appreciation, many give honors and awards to outstanding public relations practitioners. Hobden, for example, received a medal from the U.S.S.R. for his work for INTOURIST, the Soviet travel agency. He was also awarded two medals by Czechoslovakia – a silver for promoting Expo '67, a world's fair held in Prague just prior to the Russian invasion, and a gold for recent work.

T. Vagi Associates of Hartsdale, New York, works almost exclusively for Hungarian travel accounts. Vagi's best client is IBUSZ, the Hungarian government travel agency. He works out of his home but has seven people to whom he subcontracts. Among many other assignments, he writes a newsletter, "IBUSZ News," every two months for travel agents and the travel media. Born in Hungary, he has been a U.S. resident since 1956, and has the essentials for someone in his position: an intimate knowledge of the "product" coupled with an expert's knowledge of U.S. media.

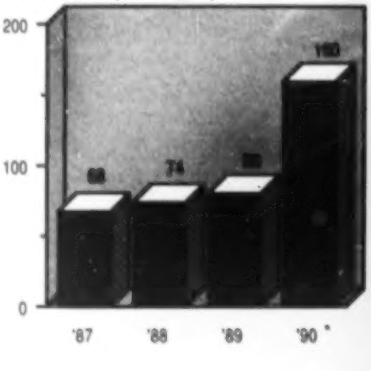
Since Hungary entertained about 7,000 American travel agents at the 58th American Society of Travel Agents World Congress in Budapest in 1988, it has been remarkably successful in drawing visitors. It has also gotten considerably more media attention in the past few years. (Just this past January, *Travel & Leisure* ran a 15-page article on Hungary.)

For his work on the ASTA meeting and his ongoing media relations and other tourism development projects, Vagi has received several awards from the Hungarian government.

But practitioners cannot live on glory alone. "The thing that one has to understand is that these countries don't have big budgets to promote themselves," says Kundell. "Governments are changing and there's a lot of instability. Whoever is running the show today might not be there tomorrow."

Kundell and others note that large retainers are virtually nonexistent. "PR firms are not going to make their fortunes right now in Eastern Europe," she says. "There aren't big fees to be made." Budgets and bureaucracy can cause frustration for U.S. public relations pros. "If you told an Eastern European tourist operator that you were sending the most famous travel editor, they'd probably have the nerve to say,

U.S. visitors to Czechoslovakia 1987–1990 (In thousands)



*projected

Source: Czechoslovakian National Tourist Office.

U.S. visitors to Czechoslovakia will actually double this year, according to the country's national tourist office. Since 1987, the flow has increased by 135 percent. Though hard numbers are difficult to come by, East Germany, the Soviet Union and other countries in the region confirm that U.S. tourism is very much on the rise this year.

'Sorry, but we don't have the budget,'" Vaughn laments. With hard currency tight and the low value of the ruble and other Eastern European currencies, methods of payment must be negotiated. *(See "An Investment Opportunity," page 22.)*

In addition to scarce funds, the constant coverage of the political events in Eastern Europe and the Soviet Union may, for the present, be working against practitioners seeking new business. "These countries have been getting so much play in the world press that a full-fledged publicity blitz isn't required," says Kundell. "Actually," agrees Vaughn, "I'm less valuable to them now that they're getting a lot of free press."

"Right now, promotion efforts are almost completely product-oriented," says another travel specialist. "It's press releases on airfares, available tours, hotels, meals and sightseeing information."

Are they ready?

Then there's the other concern of U.S. practitioners vis a vis Eastern Europe: Is it too early to encourage travel there? Is the necessary infrastructure in place?

To the question, "Is Eastern Europe ready for this influx?" Miroslaw Nalazek, chairman of the Eastern Europe Travel Board, answers a flat yes. His EETB has been formed to encourage North Americans to explore the "other" Europe. "For years," he says, "tourist boards and tour operators have been involved in building new first-class hotels, upgrading existing hotels and organizing tours that link up countries in the region. And airlines have stepped up service to make it easier to get there from the United States."

But U.S. practitioners warn colleagues looking into the client possibilities, as well as tourists themselves, not to expect too much just yet. "There is a tremendous amount of interest in Eastern Europe, but the infrastructure is extremely limited," says Kundell. "Many countries don't have the ability to handle the influx. You have to sell the American public on being more realistic about the sub-par accommodations. Although it's just one part of the equation, PR can be helpful in easing the fears of travelers."

Moreover, because of the sudden demand, many countries are finding it tough to fill the demand for rooms—whatever their quality. Dorothy Furman, president of Furman Communications, a Los Angeles public relations firm whose clients include DER Tours, an East German tour operator, confirms that hotel space is very limited in East Germany at present. DER Tour President Heinz Niederhoff, she says, is warning individuals and groups to book hotel reservations far

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in advance, and is predicting that the crunch won't abate for another 16 to 20 months, when new construction now underway is completed. (Much of Furman's work for DER Tours centers on positioning Niederhoff as an expert on East Germany and a spokesperson for the country.)

Special interest bonanza

Still, the region has many built-in sales points, and can only get more popular and well-visited as economies stabilize and accommodations improve.

Escalera and others believe that specialized interest travel is the single biggest growth area in Eastern Europe and provides the best placement opportunities for travel publicists.

"History buffs can explore a 15th century Bohemian town in Czechoslovakia or visit the manor in East Germany where the Potsdam Agreement was signed, sealing the postwar fate of modern Germany," she notes. "Health enthusiasts can luxuriate in a deluxe spa along the Bulgarian Black Sea coast; Roman Catholics can follow in the footsteps of Pope John Paul II in Poland; wine lovers can explore the vineyards of the Danube; sportsmen can hunt stags, wild boar and every kind of field and water fowl in the woods, marshes and plains of Romania."

Press trips, she says, can effectively adopt these themes rather than using an approach that applies too broad a brush to Eastern Europe.

"Special interest magazines are good prospects for placing this type of story," Escalera adds, "and are usually more open to suggestions from public relations people than are general interest publications." Another plus, she says, is that this type of magazine is less likely to have a policy that prevents it from using material from media trips subsidized by the destinations. *(See following article "Travel Writers' Expenses: Who Should Pay?")*

Bargains abound

Eastern Europe's comparative inexpensiveness is an important selling point. Whereas high prices in some Western European countries make people stay away, the dollar is still holding its own in the east. Low prices are the reason that seven million people vacation in Bulgaria each year. A double room in a four-star hotel in the off-season costs $38, including breakfast. A two-week stay in one of the luxurious Black Sea resorts begins at $1,045, including airfare, American Plan accommodations and medical treatment.

Yugoslavia is not a member of the Warsaw Pact and likes to think of itself as being part of Central rather than Eastern Europe. Nevertheless, U.S. perception puts it in the east. It, too, has easily publicized bargains. Three years ago, for example, Herman Associates arranged a press tour to Yugoslavia for the Yugoslavian National Tourist office. One part of the tour was visiting the ski slopes where the World Winter Games had been held. Out of this came a story, run in several U.S. newspapers and travel magazines, about an amazingly low-priced offer being made to American skiers. Including the round-trip airfare from New York, two meals a day, and eight days in a hotel at the foot of an Olympic ski run, you could ski in Yugoslavia for only $704 – less than you would pay to ski in most any U.S. ski resort, where there would not be the added attraction of an exotic locale to explore. That was in 1987. The price has gone up about $150, but it's still a bargain.

In the final analysis, U.S. practitioners say that it may be hard for firms that have never had business in Eastern Europe or the Soviet Union to crack the market right now. But, they stress, it's definitely an area to watch.

"I don't think that they'll ever have the enormous tourism budgets of England or France, but I do think that the money devoted to public relations will increase, if current interest in Eastern Europe continues," says Vaughn. "Now, with everything opening up, I think Eastern European governments are going to allocate more and more money to their tourism offices," agrees Furman.

And, thanks to the political changes going on, once you have a client, doing the work is a breeze in comparison to what it was only a few months ago. "In the past, public relations firms that serviced Eastern Europe tended to keep a low profile," says one practitioner. "But now, you can be much more forthright with your programs. Now, people *want* to hear about Eastern Europe. At this point, someone with a new client will have a heck of an easier time getting business for that client. At this time last year, you would have had to go through a much more extended educational process in selling the area to anyone."

Edmund Antrobus has been a full-time freelance writer since 1978, and has written three books and hundreds of newspaper and magazine articles on travel and related subjects. Born in England, he has lived in the United States most of his life, and now resides in Leonia, New Jersey. He left magazine journalism in 1962 to become the director of public relations for the British Tourist Authority, and continued in that position for 16 years. He received a Silver Anvil in 1964 for work with the BTA.

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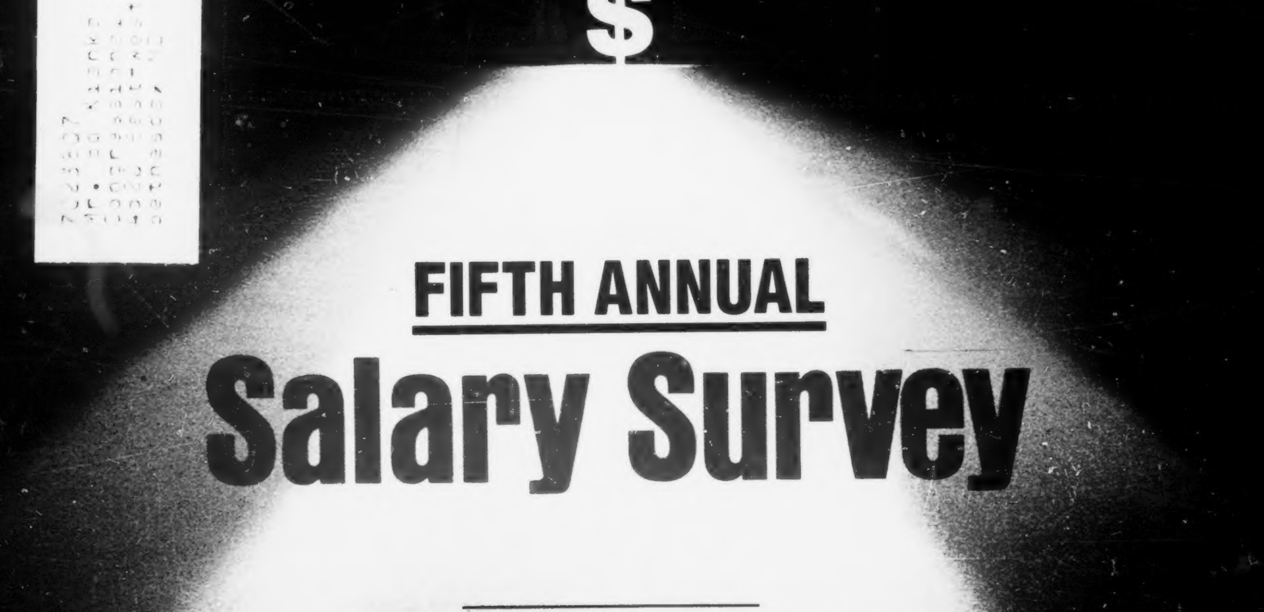

FIFTH ANNUAL

Salary Survey

Briefings: Firms Report Business Boom

PUBLIC RELATIONS JOURNAL

June 1990 Vol. 46 No. 6

FEATURE

18 ***PRJ*'s Fifth Annual Salary Survey:** What's the median salary for your specialty, area or geographic region? How rapidly is compensation growing in the field? What's happening to the gender gap? *PRJ*'s first survey conducted via a systematically drawn, statistically representative probability sample, supplies the answers.

David Y. Jacobson and Nicholas J. Tortorello

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- Training MBAs for prime time
- Well-informed staff is key global weapon
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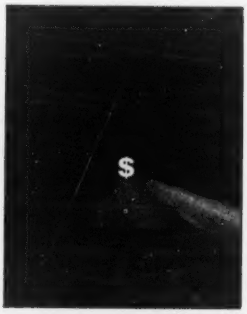
- Survey: Business won't volunteer to protect environment
- Observations on annual report copywriting



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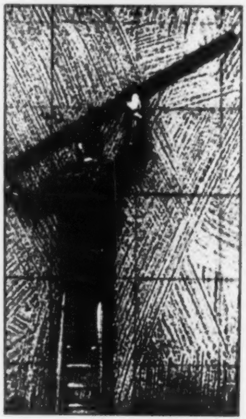

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Cover art: *Michael Simpson/FPG International*

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INSIDE TRACK

Compensation—monetary and otherwise

It's that time of year again, when a young (or not-so-young) practitioner's fancy lightly turns to thoughts of salary and compensation. Many readers tell us that they look forward each spring to *PRJ*'s annual salary survey results. We also get hundreds of calls during the year requesting additional copies of the survey findings.

This year, we've improved the methodology—we used a scientific sample and a mailed questionnaire, rather than the self-selecting magazine insert of the previous years. As a result, you can be sure that the results are truly representative of the entire 20,000+ *PRJ* subscriber base, and you can take into account the margin of error (less than + or – 3 percent).

We thank all 2,819 of you who responded to the questionnaire, providing us with an exceptional response rate of 43 percent and a strong foundation of data from which to draw comparisons each year in the future. We'll continue to refine the survey, so let us know if you have any suggestions about questions that might be asked or adjustments that might be made to better reflect the field's true compensation status.

As for this year's results, you may find the answers to our more subjective questions about attitudes as interesting as the salary data. It seems that, as a group, you are divided on whether your present jobs provide adequate opportunities for career growth, and on whether it's harder for women to reach the top in public relations. And more than half of you feel that public relations is a relatively low-paying field.

Be that as it may, many firm owners in various parts of the country are apparently doing very well these days. Several interviewed recently reported an upsurge in a wide variety of types of clientele in recent months. You can refer to the Briefing that begins on page 9 for details, including firm executives' opinions on why business is booming in so many specialties and geographic areas.

We'd also be interested in hearing from other firm practitioners—particularly ones whose regions or specialties *aren't* seeing such growth—and from those in corporations and organizations who can offer insights on how they are using firms now, as opposed to a few years ago.

On a more somber note, some practitioners are saying that the recent brouhaha over Hill and Knowlton's decision to represent the Catholic bishops in anti-abortion efforts is causing them to look more closely at how their own organizations deal with deciding which clients to represent or issues to take stands on *(page 9)*. With social issues coming back into the forefront of public debate, this process of self-examination may well prove to be healthy and invigorating for the field.

Karlene Lukovitz, Editor

PRSA Public Relations Society of America
33 Irving Place, New York, NY 10003
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The Public Relations Society of America (PRSA) is an individual membership professional society of 14,983 public relations practitioners. Its major services to members include programs of Professional Development and Accreditation, an Information Center, publications, tracking of issues of national concern, and promotion of ethical practice through adherence to PRSA's "Code of Professional Standards." PRSA's mission is "To serve the public need for understanding and cooperation among its diverse interests by fostering high professional and ethical standards for all those practicing public relations."

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PRJ's Fifth Annual

Salary Survey

Median is $44,250; salary growth is slowing; gender gap persists

David Y. Jacobson and **Nicholas J. Tortorello**

Public relations practitioners have a median salary of $44,250, according to results of *PRJ*'s Fifth Annual Salary Survey. The survey confirms that salary growth for the field is slowing, and that, as in most fields, a gender gap in salaries remains a reality in public relations.

It also reveals that, as a group, practitioners have decidedly mixed attitudes about earnings and career opportunities in the profession. Slightly more than half say they feel that public relations is a relatively low-paying field. Readers are almost evenly divided on whether there are adequate opportunities for career advancement in their current jobs. And, as a whole, they are again just about split on the question of whether it is more difficult for women to reach top levels in public relations – although, when broken out by gender, women respondents are nearly twice as likely to say that it is harder.

Results are based on 2,819 responses, representing a 43 percent response rate.

This year, for the first time, the survey method used was a systematically drawn probability sample of all *PRJ* subscribers. In previous years, a self-selecting magazine-insert questionnaire was employed. The improved methodology ensures statistically reliable, representative data about 1990 salaries and career opportunities and provides solid baseline data for comparisons with future survey results. *(See "Survey method and sample description," page 21.)*

Stalled earnings growth

Because of the different methodology used this year, direct comparisons cannot be made, in most cases, between 1990 data and data from previous surveys. Median salaries, for example, cannot be compared validly. (Nevertheless – as a point of interest – the median salary found this year is 12 percent higher than that for 1989's self-selecting sample, which was $39,400.)

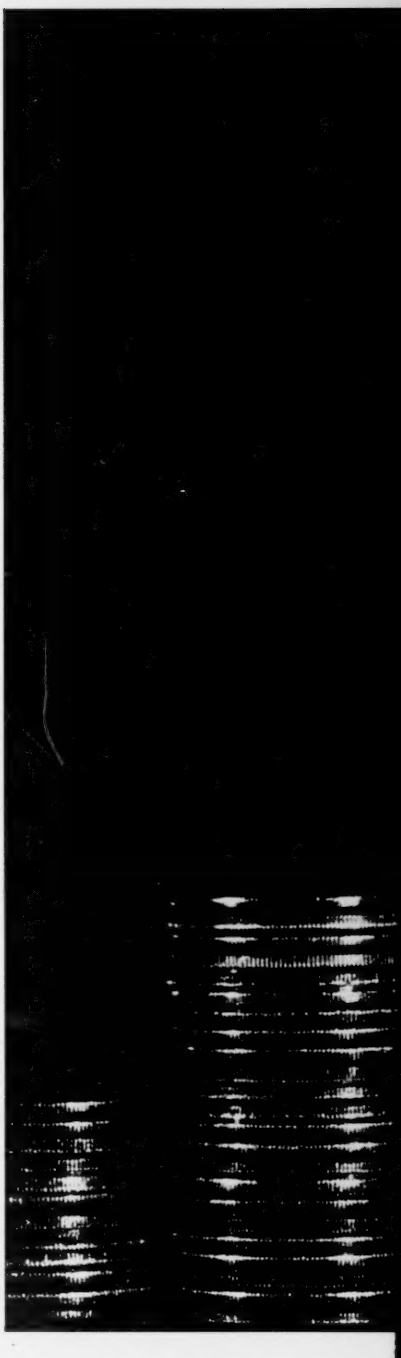
One area in which valid 1989/1990 comparisons can be made is salary growth in relation to cost of living increases, an independent indicator. On that point, there is reliable evidence that growth in public relations salaries is slowing.

Last year, respondents reported a median salary increase of 6 percent, which was 2 percent higher than the cost of living increase reported by the Bureau of Labor Statistics for 1988 (4 percent). This year's respondents also reported a 6 percent median salary increase. However, this is only 1.2 percent greater than 1989's 4.8 percent cost of living increase. Moreover, one respondent in 10 to this year's survey reported either no increase in salary or a decline in pay relative to the previous year.

Title comparisons

At each level of job title, the highest median salary is likely to be found in corporate jobs, while the lowest median salary is likely to be found in government/health care/nonprofit organizations. *(See table, page 19.)* Public relations firms are in between, with median salaries that are closer to those in government/health care/nonprofit organizations at the account executive and senior management levels, and closer to that for corporations at the supervisor (middle management) level.

The median salary for account executives, (including junior and senior account executives, associates/representatives, and assistants) is $31,083 at corporations, as compared with $28,417 at public relations firms and nearly $26,000 in government/health care/nonprofit organizations. At the supervisor level, which includes account supervisors, supervisors/managers, coordinators, group managers, directors and vice presidents, the median salary at public relations firms is $47,928, which is closer to the median at corporations at this level ($51,232) than it is to the median at government/health care/nonprofit organizations ($38,940). The median salary for senior management (senior/executive vice presidents, senior counselors, chairmen/pres-



Photograph: Clark Dunbar/Uniphoto

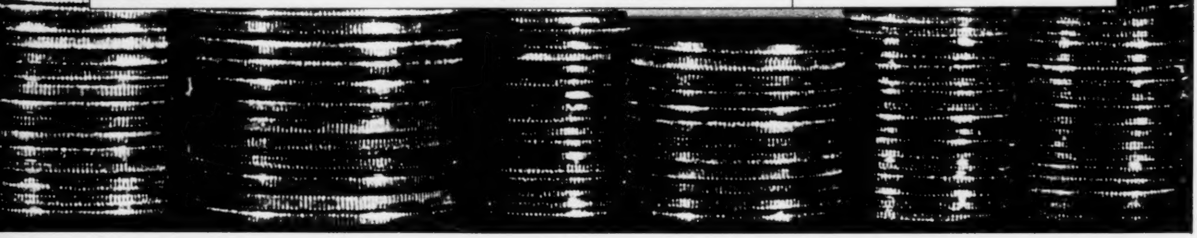
Salary by Title, Type of Organization and Gender

Job Titles	(weighted base)	median salary	% $45K+
All Respondents (all titles combined)	(2,819)	$44,250	48%
Account Executives (junior and senior account executives, associates/representatives, assistants)			
public relations firm	(174)	28,417	4
corporation	(125)	31,083	13
government/health care/nonprofit	(65)	25,931	6
men	(129)	32,910	18
women	(245)	26,970	3
Supervisors (account supervisors, supervisors/managers, coordinators, group managers, directors, vice presidents)			
public relations firm	(215)	47,928	58
corporation	(944)	51,232	62
government/health care/nonprofit	(635)	38,940	34
men	(991)	53,885	69
women	(877)	38,299	32
Senior Management (senior/executive vice presidents, senior counselors, chairmen/presidents, partners, owners)			
public relations firm	(378)	63,360	70
corporation	(41)*	76,847	77
government/health care/nonprofit	(29)*	58,103	77
men	(310)	67,683	77
women	(134)	51,194	57

Nearly half (48 percent) of all practitioners earn more than $45,000. Not suprisingly, very few at the account executive level are in this ball park; the median salaries here fall between $25,931 (for government/health care/nonprofit) and $32,910 (for men). Medians for supervisors range between $38,299 (for women) to $53,885 (for men). In senior management, the range is from $51,194 (for women) to $76,847 (for corporate respondents). At each level, the medians for women and for those in government/health care/nonprofit are the lowest.

Table excludes non-response to questions about job title and type of organization, as well as all "other" job titles.

*Caution: small base



idents, owners, partners) is higher at corporations ($76,847) than it is at public relations firms ($63,360) and government/health care/nonprofit organizations ($58,103).

At each job title level, the median salary of women lags behind that of men. On the account executive level, men earn 22 percent more than women. The salary gap widens at the supervisor level, where men earn 41 percent more than women, and then narrows to 32 percent at the senior management level.

Gender comparisons

As in past surveys of the field, the gender gap in salary is apparent at every level of experience. The gap is widest in the earliest years of a public relations career. The median salary for men with less than five years' experience ($31,993) is nearly $6,600, or 26 percent, higher than that for women with equivalent experience ($25,398). As the years of experience increase, the gap narrows slightly: men with five to nine years' experience, with 10 to 14 years' experience, and with 15 to 19 years' experience all earn median salaries that are 21 percent higher than those of their female counterparts. At 20 years or more experience, the median salary for men ($68,963) is 23 percent higher than it is for women ($55,898). *(See table, page 20.)*

Salaries: Men and Women, by Experience

	(weighted base)	median salary	% $45K+	received bonus	median bonus size	% men/ women
All Respondents	(2,819)	$44,250	48%	40%	$ 3,812	–%
men	(1,485)	53,637	66	45	6,057	53
women	(1,317)	35,933	29	34	1,911	47
1–4 Years' Experience						
men	(175)	31,993	14	38	1,334	12
women	(411)	25,398	4	36	924	32
5–9 Years' Experience						
men	(282)	44,158	47	44	2,860	19
women	(388)	36,520	19	31	1,561	28
10–14 Years' Experience						
men	(329)	52,721	69	45	4,862	22
women	(273)	43,668	46	34	3,282	21
15–19 Years' Experience						
men	(232)	60,781	86	45	11,607	16
women	(141)	50,104	62	38	5,649	11
20-plus Years' Experience						
men	(464)	68,963	85	48	10,099	31
women	(103)	55,898	66	37	10,876	8

Table excludes non-response to questions about length of experience and gender.

The median salary for men with less than 5 years' experience is 26 percent higher than the median for women at the same level. At higher levels of experience, the gap narrows to between 21 and 23 percent. At all levels, men are more likely than women to earn $45K+.

Men are more likely than women to earn $45,000 or more at all levels of experience. Again, the gap between the sexes is greatest among individuals with less than five years' experience. At that stage of their careers, men are 3.5 times more likely than women to earn $45,000 or more (14 percent for men against 4 percent for women). The gap begins to narrow thereafter. With five to nine years of experience, men are 2.5 times more likely to earn $45,000 or more (47 percent versus 19 percent). At 10 to 14 years of experience, men are 1.5 times more likely to earn $45,000 or more (69 percent versus 46 percent). But, even after 20 years or more in the field, men are more than 1.25 times as likely as women to earn above $45,000.

The salary gap is also apparent when the sexes are compared by age. *(See table, at right.)* The median salary for men under 35 years old is $37,355, which is $7,100, or 24 percent, greater than the median salary for women under 35: $30,218. The salary gap broadens after age 35. The median salary for men 35 and older, $59,150, is 35 percent greater than that for their female counterparts, $43,829.

Men under 35 are more than twice as likely to earn $45,000 or more (28 percent versus 12 percent). And, although 46 percent of women 35 and older earn $45,000 or more, 77 percent of their male counterparts are in that earnings group.

Women do report higher median salary raises: 6 percent versus 5 percent for men. With lower base salaries, however, the dollar amounts of raises for many women are still below those of men whose raise percentages were lower. Though the great majority of men and women reported receiving salary raises, the proportion of women receiving them is even higher (92 percent) than it is for men (87 percent).

Best/worst paying fields

Respondents were permitted to assign only one primary activity to their employer organization. Broadly speaking, private sector, for-profit activities pay more than public sector, nonprofit activities. The median salary for individuals in public relations firms (public relations counseling firms, solo practitioners and advertising

Salaries: Men and Women, by Age

	(weighted base)	median salary	% $45K+	received bonus	bonus size	% men/ women
All Respondents	(2,819)	$44,250	48%	40%	$3,812	–
Under 35 Years Old						
men	(324)	37,355	28	43	1,925	22
women	(689)	30,218	12	35	1,236	52
35 Years and Older						
men	(1,154)	59,150	77	46	7,684	78
women	(624)	43,829	46	33	3,588	47

Table excludes non-response to questions about gender and age.

Among public relations practitioners who are 35 years of age and younger, the male median salary is 24 percent higher than the female median. Among those over 35, the gap widens to 35 percent—and median bonus size for men is 114 percent higher.

Survey method and sample description

PRJ's previous annual salary surveys were self-selecting, using a postage-paid mail-back questionnaire inserted in the magazine. Therefore, a margin of error could not be calculated to determine how representative the survey samples were of all *PRJ* subscribers. In contrast, the 1990 survey was conducted with a systematically drawn probability sample of all paid *PRJ* subscribers in the 48 contiguous United States and the District of Columbia.

A questionnaire was mailed to one subscriber in three (for a sample total of 6,529), along with a letter asking recipients to respond in a postage-paid return envelope. The response was gratifyingly high: 2,819 completed questionnaires (a 43 percent response), resulting in a sample that represents the *PRJ* subscriber base with a margin of error of less than +/- 3 percent.

With the change to a more representative methodology, the statistics from this year's study cannot be directly compared to those of prior years, though the new method assures comparability in the future. Nonetheless, in a nonstatistical way, the results of the 1990 survey are consistent with the general trends revealed in 1989's results.

Sample description

A statistical weighting procedure was used to bring representation of male and female respondents and of various geographical regions in line with the actual demographic makeup of the *PRJ* subscriber list as a whole. This standard weighting procedure enhances the representativeness of the data.

Consequently, though women represented 58 percent of those who responded to the survey, their responses were weighted down to represent 47 percent of the sample – their actual proportion within the *PRJ* subscriber list. Similarly, men, who constituted 42 percent of respondents, were weighted up to represent 53 percent.

Responses from the East were weighted up from 25 percent to 26 percent of the sample, while those from the Midwest were weighted down from 28 percent to 27 percent of the sample. On both an unweighted and weighted basis, the respondents in the South and West constitute, respectively, 25 and 20 percent of the sample. All of the percentages reported in this article represent the weighted data.

Forty-one percent of respondents are from the "corporate" sector (including manufacturing, utilities, finance, media/communications, scientific/technical, and travel/resorts/hotels/entertainment). Twenty-eight percent are in public relations firms (counseling firms, solo practitioners and public relations departments in advertising agencies), and 27 percent are in government/health care/nonprofit organizations (including religious/charitable, associations/foundations, and education).

By specific type of organization, the most widely cited employers are public relations counseling firms (19 percent), followed by industrial/manufacturing companies (13 percent), health care organizations (9 percent), financial/insurance companies and associations/foundations (8 percent each), utilities (7 percent), government, media/communications firms and advertising agencies (5 percent each), transportation/hotels/resorts/entertainment firms and solo practices (4 percent each), religious/charitable organizations and scientific/technical companies (3 percent each), miscellaneous services (2 percent) and education (1 percent).

As in past surveys, respondents were permitted to list multiple public relations specialties. The most widely cited specialties are media relations (81 percent), special events (70 percent) and publicity (69 percent).

Other widely cited specialties are corporate communications (61 percent), community relations (58 percent), marketing (52 percent), generalist activities (47 percent), public affairs (46 percent), employee relations (41 percent), issues management (40 percent), and advertising (40 percent). The least frequently mentioned specialty is investor relations (14 percent). As they did last year, respondents list an average of six specialties.

Breakouts by job title

By job title, respondents classified themselves as follows: assistant (2 percent), junior account executive (1 percent), associate/representative (5 percent), account executive (3 percent), senior account executive (2 percent), account supervisor (2 percent), supervisor/manager (22 percent), group manager (1 percent), coordinator/public relations coordinator (4 percent), director (26 percent), vice president (7 percent), senior/executive vice president (2 percent), senior counselor (1 percent), chairman/president (8 percent), partner (2 percent) and owner (1 percent).

Men in public relations tend to be older than their female counterparts and have more experience in the field, as well. Though median respondent age for the total sample is 38 years old, it is 42 for men, but only 34 for women. Similarly, the median number of years of experience for the total sample is 11 years, but for men, it is over 13 (13.45), which is nearly twice that for women (7.91 years). ☐

agencies) is $46,170; the median for public relations jobs in companies in manufacturing, utilities, scientific/technical, finance and insurance, media/communications, transportation/hotels/resorts/entertainment, and miscellaneous services is higher: $48,582. In contrast, the median salary for practitioners in government, health care, and such nonprofit fields as education, associations/foundations, and religious and charitable organizations is $38,268.

In four areas of primary organizational activity, more than half of the respondents earn $45,000 or more. These higher-paying activities include industrial/manufacturing, which, as in the past, has the highest median salary ($58,169), as well as public relations counseling firms ($50,377), utilities ($49,446), and scientific/technical activities ($45,200). The lowest-paying activity areas, in which median salaries are under $40,000, are, with the exception of transportation/hotels/resorts/entertainment, outside of the corporate sector. These include solo practices, public relations segments within advertising agencies, health care, education and religious/charitable organizations. In the latter two areas, the median salaries are, respectively, $31,415 and $31,289, which are considerably below the median for government/health care/nonprofit public relations jobs. *(See table, page 22.)*

Men constitute the majority of respondents in the higher-paying activities. The highest concentrations of men are in "smokestack" industries – manufacturing and utilities – in which the proportions of men are, respectively, 69 percent and 64 percent. The highest concentrations of women are in the lower-paying activities such as health care (69 percent), religious/

Primary Activity of Respondent's Organization

	(weighted base)	median salary	% men	% women	% $45K+
All Respondents	(2,819)	$44,250	52%	47%	48%
industrial/manufacturing	(373)	58,169	69	31	71
public relations counseling firm	(573)	50,377	57	43	57
utility	(190)	49,446	64	36	64
scientific/technical	(76)	45,200	58	42	50
financial/insurance	(221)	43,937	52	48	47
media/communications	(130)	42,089	50	50	44
miscellaneous services	(57)	41,485	49	51	42
association/foundation	(212)	40,958	48	52	41
government	(151)	40,622	56	44	38
solo practitioner	(102)	39,803	54	46	37
health care	(267)	38,620	31	69	31
advertising agency	(128)	38,608	54	46	34
transportation/hotels/resorts/entertainment	(102)	36,853	39	61	35
education	(35)*	31,415	54	46	19
religious/charitable	(92)	31,289	36	64	15
other	(102)	43,517	43	58	45

Table excludes questionnaires in which primary organization activity was not indicated.

**Caution: small base*

The median for public relations practitioners in industrial/manufacturing companies is 15.5 percent higher than that for those in counseling firms, the next highest-paid group. Association/foundation and government hover around the mid-range in terms of medians for the various organizational areas; the medians for educational and religious/charitable organizations are at the low end.

charitable organizations (64 percent), and transportation/hotels/resorts/entertainment (61 percent).

As with salary levels, the size of raises and the likelihood of receiving them vary by type of organization. In firms, respondents report higher median salary increases – 13.4 percent – than do respondents in corporations and government/health care/nonprofit jobs, where the median raise is 5 percent. But, whereas one respondent in five at firms did not receive a pay raise, the numbers of respondents receiving no raise within corporate (6 percent) or government/health care/nonprofit jobs (5 percent) are considerably lower.

Highest/lowest paying specialties

As in 1988, the highest-paying specialties are investor relations (median salary, $60,388) and issues management ($52,281). In IR, nearly three-quarters of respondents (72 percent) earn $45,000 or more. In issues management, 62 percent of the respondents earn at least $45,000.

Other areas with a median salary significantly above the overall median of $44,250 include public affairs ($49,077), generalist work ($48,217) and corporate communications ($48,146). The median salaries for several specialties are slightly above the overall median – notably, employee relations ($44,473) and media relations ($44,373). In other specialties, the median salaries are slightly below the overall median salary: marketing ($43,897), advertising ($43,726), community relations ($43,250), publicity ($43,245) and special events ($43,228). *(See table, page 23.)*

Size of organization

Over half (54 percent) of the respondents work in firms or departments with fewer than five public relations professionals. One respondent in six (16 percent) works in an organization with five to nine professionals. Another 12 percent work in organizations with 10 to 24 professionals, and 11 percent are in organizations with 25 or more professionals. (Seven percent did not indicate the number of professionals in their organizations.)

The likelihood of earning more money tends to increase with the size of a firm or department. In the smallest corporate departments – those with under five professionals – slightly less than half of the respondents (47 percent) earn at least $45,000. The proportion earning at least $45,000 grows to 62 percent in corporate departments with five to nine professionals, 70 percent in departments with 10 to 24 professionals, and 80 percent in departments with 25 or more professionals.

Similarly, in government/health care/nonprofit organizations, the proportion of respondents who earn $45,000 or more grows from 28 percent where there are fewer than five professionals in the department to 46 percent where there are five to nine professionals, 58 percent with 10 to 24 professionals, and 82 percent with 25 or more professionals.

In public relations firms, however, the proportion earning $45,000 does not increase steadily once firms have five or more employees. Less than half (44 percent) of the respondents at the smallest public relations firms make at least $45,000. That number rises to about 60 percent once a firm has five or more professionals. But above that staff size level, little changes, even at the largest firms (59 percent for firms with five to nine employees, 61 percent for firms with 10 to 24 professionals, and 60 percent for firms with 25 or more employees).

Region and salary

Pay is higher in the East than in other regions of the country. The median salary in the East is $47,586. The West ranks second ($45,680), followed by the Midwest ($43,116) and the South ($41,332). The low median salary in the South may reflect the low cost of living in comparison with other regions. It may also reflect its high proportion of respondents working in the lowest-paying fields, government/health care/nonprofit organizations (32 percent in the South as compared to between 22 percent to 28 percent in other regions), as well as a low proportion of respondents who work in public relations firms (22 percent, compared to between 29 percent to 34 percent in other regions. *(See table, page 24.)*

Area of Public Relations*

	(weighted base)	median salary	% $45K+
All Respondents	(2,819)	$44,250	48%
investor relations	(394)	60,388	72
issues management	(1,124)	52,281	62
public affairs	(1,301)	49,077	57
generalist	(1,323)	48,217	55
corporate communications	(1,715)	48,146	55
employee relations	(1,153)	44,473	49
media relations	(2,288)	44,373	48
marketing	(1,475)	43,897	47
advertising	(1,116)	43,726	47
community relations	(1,633)	43,250	46
publicity	(1,947)	43,245	46
special events	(1,965)	43,228	46
all other	(354)	45,802	51

**Multiple responses permitted.*

Investor relations continues to be the highest-paying specialty. Its median is 15.5 percent higher than that for issues management, the next highest-paying speciality. Generalists and those in public affairs and corporate communications have medians in the $48,000 to $49,000 range, while most other specialties' medians fall in the $43,000 to $44,000 range.

Bonuses and perks

Four out of 10 respondents (40 percent) reported receiving a bonus in 1989. The likelihood of receiving a bonus is higher among men (45 percent) than among women (34 percent), among respondents 35 or older (41 percent) than among younger respondents (37 percent), among respondents making $45,000 or more (50 percent, as compared to 31 percent for those earning less), and among respondents in corporations (47 percent) and public relations firms (46 percent) than among those in government/health care/nonprofit jobs (22 percent).

The size of the bonus varies considerably by gender, age, salary level and type of organization. The median bonus for men was $6,057, as compared to $1,911 for women. The median bonus for respondents under 35 was $1,396; it was four-and-a-half times larger for older respondents ($6,336). Among respondents earning $45,000 or more, the median bonus was nearly $8,000, while the median for those earning less was $1,209. The median bonus at corporations ($5,615) was twice that at public relations firms ($2,799) and four times that in the government/health care/nonprofit areas ($1,367).

The three most widely mentioned major perks received in the past year are "paid vacations" (41 percent), company cars and/or paid parking (15 percent) and stock purchase plans (10 percent). Paid vacations (which may be considered perks when time in addition to standard vacation time is granted, for example) are somewhat more likely to be mentioned by corporate respondents (44 percent) than by those in government/health care/nonprofit organizations (41 percent) and those in public relations firms (37 percent). But company cars and parking privileges are more likely to be reported by respondents in public relations firms (23 percent) than those in either corporations (13 percent) or government/health care/nonprofit organizations (11 percent). Stock purchase plans are more widespread among respondents in corporations (19 percent) than those in public relations firms (6 percent).

Types of perks received also vary by gender. Men are more likely than women to receive company cars (20 percent of men, 10 percent of women) and stock purchase plans (13 percent among men, 7 percent among women). Women are more likely to receive paid vacations (45 percent of women, 37 percent of men). These gender differences in perks may also reflect, in part, the fact that female public relations professionals on the whole tend to have less seniority than males.

"Satisfaction with career advancement opportunities is highest within firms"

Education/accreditation

Higher salaries appear to come with more education and APR accreditation. The proportion of respondents whose highest degree is a B.A. or B.S. and who earn $45,000 or more is 44 percent; the proportion of respondents with graduate degrees who earn $45,000 or more is 59 percent. Similarly, 70 percent of APR-accredited respondents earn $45,000 or more, as opposed to 53 percent for respondents who have the five years or more experience required for accreditation but are not presently accredited.

Attitudes toward public relations careers

This year, respondents were asked to agree or disagree with several statements about the public relations field. *(See table, page 25.)* A small majority (56 percent) agrees that "public relations is a relatively low-paying field." Not surprisingly, in light of the gender gap, agreement that public relations is relatively low-paying is more widespread among women (62 percent) than it is among men (50 percent). It is also no surprise that agreement is higher among individuals in the lower-paying activities of government/health care/nonprofit (60 percent) than it is among individuals in corporations (54 percent) and public relations firms (53 percent). Agreement is also more prevalent (63 percent) among younger respondents (those under 35) than it is among respondents over 35 (51 percent). The median salary of those who agree that public relations is relatively low-paying is $40,252–four-fifths that of those who disagree with the statement ($50,599).

Respondents are almost evenly divided on the statement, "I'm satisfied with the opportunities for career advancement in my current firm or company." Fifty percent agree; 49 percent do not. Satisfaction with opportunities for career advancement

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PRJ/5/90

Salary by Title and Region

	(weighted base)	median salary	% $45K+
All Respondents (all titles combined)			
East	(701)	$47,586	54%
Midwest	(777)	43,116	46
South	(707)	41,332	41
West	(566)	45,680	51
All respondents	(2,819)	44,250	48
Account Executives (junior and senior account executives, associates/representatives, assistants)			
East	(94)	29,497	6
Midwest	(103)	25,740	7
South	(91)	28,832	10
West	(85)	30,823	8
All "account executives"	(377)	28,949	8
Supervisors (account supervisors, supervisors/managers, coordinators, group managers, directors, vice presidents)			
East	(488)	48,578	57
Midwest	(500)	45,257	50
South	(500)	42,343	43
West	(348)	47,767	57
All "supervisors"	(1,878)	45,963	52
Senior Management (senior/executive vice presidents, senior counselors, chairmen/presidents, partners, owners)			
East	(135)	72,652	79
Midwest	(102)	63,025	71
South	(100)	56,778	65
West	(100)	60,636	69
All "senior management"	(499)	63,218	71

Table excludes non-response to questions about region and job title as well as respondents who wrote in "other" titles.

See box, page 25, "Survey method and sample description," for breakout of states included in each region.

The East remains the best-paying region, followed by the West, the Midwest and the South. The South has the largest percentage of practitioners in the lowest-paying fields: government, health care and nonprofit.

appears to be highest at public relations firms, where agreement with the statement is considerably higher (70 percent) than it is at either corporations (44 percent) or in the government/health care/nonprofit areas (39 percent). Satisfaction with opportunities for career advancement appears to be higher among men (54 percent) than it is among women (46 percent), but does not appear to differ significantly between those respondents who are under 35 years old and those who are older. The median salary of those who are satisfied with the opportunities to advance their careers ($48,065) is higher than those who are not satisfied ($41,237).

States in regional areas

For the purpose of this survey, states were grouped in the four regions as follows:

- **East: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, West Virginia.**
- **Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin.**
- **South: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia.**
- **West: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming.**

Alaska and Hawaii were not included in the sample. Next year's survey will encompass these states.

Respondents are also split as to whether "it is harder for women than it is for men to reach the top in public relations." Among all respondents, 48 percent agree; 50 percent do not. The split follows gender and organizational lines. Women are nearly twice as likely to agree with this proposition as are men (62 percent, compared to 35 percent). Respondents in the government/health care/nonprofit areas are also more likely to agree (52 percent) than respondents in either corporations or public relations firms (45 percent) or corporations (47 percent). There is, however, no significant difference in agreement between respondents under 35 and older ones. The median salary for those who agree that women have a tougher time making it to the top in public relations ($43,192) is lower than the median salary for those who disagree ($45,409).

Respondents were also asked to indicate which of the following best describes their career goals: a career in a public relations counseling firm, a career in public relations with a corporation or nonprofit or governmental institution, or a career outside public relations.

It appears that respondents in public relations firms are more interested in switching to other types of organizations than are respondents on either the corporate or government/health care/nonprofit sides of the business. Among respondents already working in public relations firms, two-thirds (67 percent) want to remain on that side of the business, but the proportions of respondents in corporate and government/health care/nonprofit activities who want to stay in these areas are even higher (76 percent and 77 percent respectively).

Respondents in public relations firms are more likely to want to move to the corporate or nonprofit/government side of public relations (19 percent) than to leave public relations entirely (8 percent). In contrast, respondents on the corporate or nonprofit/government side are more likely to want to leave public relations entirely (14 percent among respondents in corporations; 13 percent among those in government/health care/nonprofit activities) than switch to a public relations firm (7 percent among respondents in both corporate and government/health care/nonprofit activities).

Interestingly, the median salary of those who want to move out of public relations entirely ($44,765) is not greatly lower than that of those who want to move to public relations firms ($46,159), and it's slightly higher than the median for those who want to move to a public relations job in either a corporation or nonprofit/government organization ($43,019).

David Y. Jacobson is vice president, and Nicholas J. Tortorello is chairman, of Research & Forecasts, which tabulated and analyzed the data for PRJ. *R&F is a division of Ruder Finn.*

Attitudes Toward Public Relations by Gender, Age, Type of Organization

				Age		Organization			
	total	men	women	under 35	35+	firm	corp.	govt./ health/ nonprofit	median salary
(weighted base)	(2,802)	(1,485)	(1,317)	(1,016)	(1,792)	(803)	(1,149)	(757)	–
"Public relations is a relatively low-paying field"									
agree	56%	50%	62%	63%	51%	53%	54%	60%	$40,252
disagree	43	49	36	37	47	46	45	39	50,599
"I'm satisfied with the opportunities for career advancement in my current firm or company"									
agree	50	54	46	48	51	70	44	39	48,065
disagree	49	45	53	51	47	27	56	59	41,237
"It is harder for women than it is for men to reach the top in public relations"									
agree	48	35	62	47	49	45	47	52	43,192
disagree	50	63	36	52	50	54	52	46	45,409

Table does not show percentage of respondents who are "no answer" for each statement.

Practitioners are about split on whether there are sufficient career opportunities in their current jobs, as well as whether or not it's harder for women to reach the top in public relations. People in firms are most likely to want to switch into corporate or other public relations areas; those in corporate and government/health care/nonprofit are more likely to be interested in leaving public relations all together.

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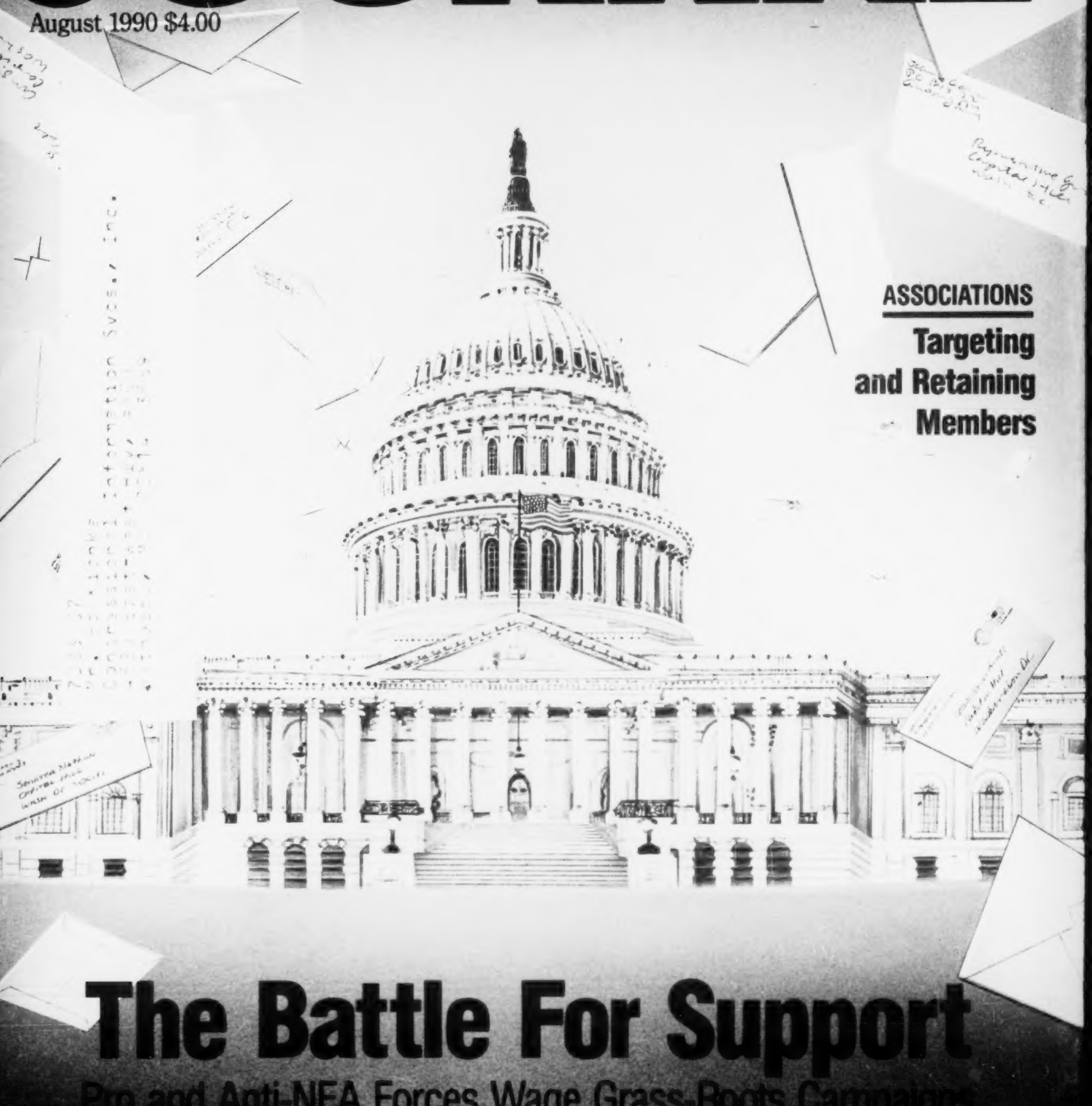
ASSOCIATIONS

Targeting and Retaining Members


Senator Nathan
Capitol Hill
Wash DC

The Battle For Support

Pro and Anti-NEA Forces Wage Grass-Roots Campaigns

PUBLIC RELATIONS JOURNAL

August 1990 Vol. 46 No. 8

FEATURES

18 **The Battle For Support**
Last year, opponents of the National Endowment for the Arts began a massive communications effort to convince voters and politicians that the federal agency had to be restricted in its grant-making procedures, if not discontinued altogether. Groups supporting the NEA then began their own efforts in response. Both have couched their arguments in terms designed to stimulate the public to action. This case study details how both sides are attempting to marshal public support, and in turn generate political pressure, in what has become an emotional issue.

Judith T. Phair, APR

24 **Successful Techniques to Reach, Recruit and Retain Members**
Corporate America is more and more concerned with the bottom line, and getting tangible benefits from every expenditure. Therefore, associations must clearly communicate how their goals coincide with those of their members, and position themselves carefully to reach targeted prospective members. Cause-related groups also share these concerns. See how public relations and marketing professionals are working together successfully to address these concerns at several organizations.

Jack E. Blake, APR

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Lorraine Bauman and Elizabeth Daniels

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Cover art: *Jeanette Adams*

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Communicating values

Few issues will generate more emotional responses from the U.S. public than censorship and pornography. These two issues are major arguments being used in the public relations strategies of opponents and supporters of the National Endowment for the Arts

The financing of or support of the arts is a complex issue. The NEA, in its 25 years as a federal agency, has awarded about 85,000 grants to all types of artists. Secure in its belief that supporting art in the United States was a worthy cause, the NEA did not "make an effort to develop a broad base of support," says Jack Lichtenstein, NEA director of government affairs, in our cover story *(page 18)*.

That lack of outreach to the public has contributed in part to the NEA's current problems in what would normally be a routine process reauthorizing its existence, reports Judith T. Phair, APR. Phair, vice president for public relations, Goucher College, Towson, Maryland, and chairman of PRSA's Educational and Cultural Organizations Section, details the history of the anti-NEA efforts, launched last spring by several groups to oppose federal funding of art works they judged to be pornographic or contrary to traditional American values.

She then discusses the strategies NEA supporters have used in defense of the organization, including First Amendment freedom of speech and expression. Both groups have focused their efforts on urging people to contact their congressional representatives. The fact that this is an election year, with politicians especially sensitive to the opinions of the voters in their districts, has maximized the effectiveness of the strategies used to generate public support by groups on both sides of the issue.

Some associations are also feeling the pinch as a troubled U.S. economy and concern for the corporate bottom line have caused some organizations and people to question the value of their membership. But groups with strong and cohesive efforts to define and target potential members, and communicate their objectives and benefits to these individuals, can succeed in recruiting and retaining them. Jack E. Blake, APR, director of information, public relations department, CUNA & Affiliates, in Madison, Wisconsin, reviews strategies used by several associations that have been successful in this goal *(page 24)*.

What do you do when the head of a foreign nation announces that he's coming to visit, and you've got three weeks – or less – to prepare? This month's "Briefings" section gives you a look at the media relations preparations made by groups in Minneapolis, Minnesota, and Stanford, California to get ready for the media onslaught they knew would accompany Mikhail and Raisa Gorbachev on their recent visits *(page 9)*. Also in that section, an update on a new communications technology – 900 telephone numbers – and potential uses by public relations professionals.

Judy A. Gordon, Executive Editor

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The Public Relations Society of America (PRSA) is an individual membership professional society of 14,983 public relations practitioners. Its major services to members include programs of Professional Development and Accreditation, an Information Center, publications, tracking of issues of national concern, and promotion of ethical practice through adherence to PRSA's "Code of Professional Standards." PRSA's mission is "To serve the public need for understanding and cooperation among its diverse interests by fostering high professional and ethical standards for all those practicing public relations."

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BRIEFINGS

EDITED BY ADAM SHELL

1-"900"-A-PR-TOOL?

Despite rapid growth of 900 industry, counselors express some skepticism

As part of its promotion campaign for the movie "Total Recall," Tri-Star Pictures created a game that gives callers to a 900 telephone number a chance to win $15,000, a trip to Los Angeles to meet star Arnold Schwarzenegger, and a trip to Mars, Pennsylvania. Callers are billed $2 for the first minute plus $1 for each additional minute. The purpose: to create a heightened awareness about the movie and, hopefully, generate extra revenue.

Welcome to the world of 900 pay-per-call services, the $500 million voice information services industry that allows callers to access information by simply tapping in a 900 number on a touchtone phone. The above example is just one of the many possible public relations applications of this new telecommunications technology.

"The telephone is a dynamic medium and the 900 number is yet another way to use the phone to capture billings and link up with particular promotions," says Ron Solberg, APR, principal, The Doron Alliance, a Chicago-based consulting firm specializing in technology. Solberg has spent the last few months researching 900 numbers.

Indeed, a 900 number could be used as a crisis communications tool. In the mid-'80s, Johnson & Johnson set up a 900 line during the Tylenol tampering crisis to allay public fears and provide information.

Firms could also create a crisis "insurance policy" for their clients by arranging for a 900 service company to have a number ready if a crisis does strike. Other possible uses include: fund-raising, disseminating financial information, conducting surveys and polls, promoting a special event, or offering tele-consulting services either live or via prerecorded messages.

Growth rates

Hundreds of advertisers, marketers and entrepreneurs are already capitalizing on this new technology to promote products, offset costs of other promotions or to simply make money. Many are tying 900 numbers to existing campaigns.

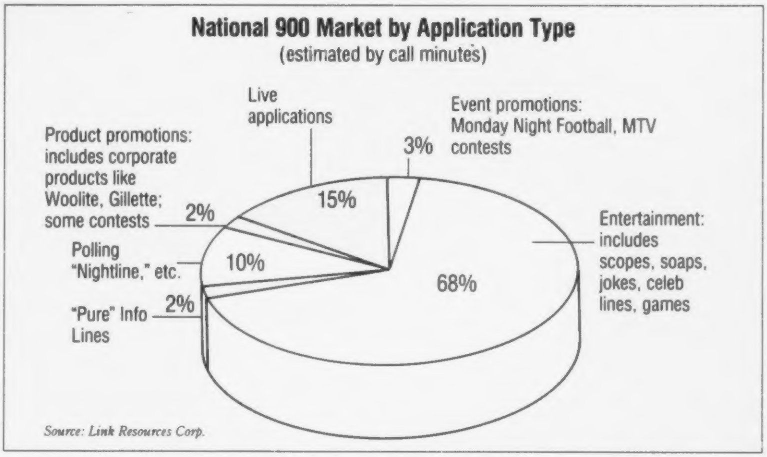
1989 was the beginning of a new era for 900 numbers. AT&T, MCI, Sprint Gateways and Telesphere Communications – the first carrier to offer 900 services – came out with a variety of new services. At the end of 1989 there were 55,000 new 900 lines installed.

Unlike toll-free 800 numbers, callers dialing 900 numbers must pay for their calls, which are billed directly to their monthly phone bill. Charges to 900 callers can range from 50 cents to $50, and can be billed at either a flat rate or cost per minute.

Some analysts are predicting growth rates of 40 percent over the next five years. Some say 900 numbers will become a $3 billion industry by 1994. "It's almost a billion dollar industry right now, and it will probably grow a billion a year for the next few years," says Robert Titsch, publisher of *4th Media Journal*, a magazine on interactive communications in Scottsdale, Arizona, that put out its first issue in April. Link Resources Corp., a New York-based research firm, offers a more conservative

Continued on page 14

National 900 Market by Application Type
(estimated by call minutes)



Source: Link Resources Corp.

The Gorbachev Visit: Lessons and themes in media relations

Volunteer task force plans communications program in 13 days

When the Soviet Union made the surprising announcement that President Mikhail Gorbachev and his wife would depart from the summit meeting in Washington and fly west for a visit to Minnesota, Governor Rudy Perpich, who had invited the Soviet leader to come calling, responded swiftly.

Within days of the May 14 notice, the governor selected a task force of 18 CEOs of Minnesota companies. They represented computers, food manufacturing, telecommunications, broadcasting, financial services and public relations. He called the committee together for their first meeting on Monday, May 21. The Gorbachev party was scheduled to arrive for a seven-hour stay on Sunday, June 3.

Soviet President Mikhail Gorbachev and his wife, Raisa, greeted Minnesotans with smiles and waves.

Task Force Chairman Roger Parkinson, publisher of the *Star Tribune* newspaper,

1-"900"-A-PR-TOOL?

Continued from page 9

projection of $1.5 billion by 1994. This estimate, though, includes only calls to 900 numbers, not revenue earned by programming companies or profits from equipment sales or promotional services.

Business uses on rise

Although entertainment uses such as sports lines, quiz games and chat lines still dominate the market, business and information applications of 900 numbers are on the rise. A law firm in California, for example, offers live counseling services via the phone. Last October following the Bay Area earthquake, KGO-TV in San Francisco used a 900 number to provide the public with earthquake updates.

> "The problem is keeping the 900 number in front of the public's eyes"

Some organizations have also begun asking sympathizers to call 900 numbers to send mailgrams and messages to their Congressional representatives. Both sides of the National Endowment for the Arts reauthorization controversy have run full-page advertisements giving these numbers. And 250,000 members of the National Rifle Association's Institute for Legislative Action recently used a 900 number to send letters opposing a ban on semiautomatic firearms to President Bush.

Obstacles to overcome

But the public relations field has been much less enthusiastic and far more skeptical about the potential public relations applications of 900 numbers. Interviews with practitioners reveal that most have invested little time or effort to find ways in which 900 numbers can benefit themselves or their clients.

Much of the trepidation is attributed to a lack of knowledge about 900 numbers. "The reason it hasn't caught on faster in the PR field is due to a lack of education," says Cory Eisner, vice president of sales/marketing for Phone Programs, Inc., New York. "It takes time to learn and understand the business and begin to accept the reality that the telephone is a legitimate medium."

But there are other problems, as well. The biggest problem, especially for practitioners who want to use a 900 number to promote their own firm, is generating the 1,000 to 2,000 monthly calls needed to cover set-up and maintenance costs – which run between $1,000 and $3,000 per month – and money needed to promote the number itself. (Note: some services have designed set-up systems that do not require the customer to pay up-front charges.)

Solberg says he scrapped the idea of selling high-tech counseling advice over the phone lines after realizing such a small niche service would not generate enough calls. "It just didn't seem practical," says Solberg. "The problem is keeping the 900 number in front of the public's eyes long enough." Michael Bayer, public relations director for Copenbarger, Anderson & Welch, an Irving-California-based law firm, decided against using a 900 number to offer legal information on tax laws and target potential clients for the same reason. To publicize the 900 number, most 900 programming companies recommend that firms include it in all their communications.

4th MEDIA
4th MEDIA

In response to the dizzying growth of the voice information services industry – including 900 numbers – a new trade magazine, "4th Media Journal," *was started up in April.*

National 900 Revenue Forecast

	1989	1990	1994
Total Revenues	$235M	$515M	$1.2B
% Live Revenues	30%	16%	13%
% Interactive 900	53%	64%	80%

Estimates based on "retail" value of billings to end users.

Source: Link Resources Corp.

"I don't know if PR firms have the kind of reach they would need to leverage in order to make an impression on enough people to make it," says Chris Elwell, editor of "Information Industry Bulletin," a Stamford, Connecticut-based newsletter that reports on technology and telecommunications.

Bayer also says firms in public relations, law and other professions might be making a major public relations mistake by requiring callers to pay for information, rather than just giving it away free on an 800 number. "The question is, 'Is this kind of service consistent with the image of a prestigious law firm or public relations firm?'" He adds, however, that many people are unwilling to pay for full-time counsel and, therefore, might be attracted by the convenience of being able to pick up the phone and receive professional advice.

Some practitioners expressed concern about ethical and legal questions regarding privacy. The 900 systems allow "information providers" to analyze calls and target areas based on clusters of ZIP code information. As a result, the information is also being used to create databases.

The 900 industry itself is battling image problems caused by the use of 900 lines for adult entertainment, and instances of telemarketing fraud. In an attempt to polish its image, the industry recently formed the National Association For Information Service, based in New York. "We don't want to get any more black eyes due to programs that are questionable in content or policy," says W. Brooks McCarty, chairman, who also heads Information 900 Service Corp., a New York-based company that develops 900 programs.

What's in the future?

Despite everything, the future of the 900 industry looks bright. Michelle Litsky, president of her own New York-based public relations firm that represents a 900 programming company says, "My guess is that in the near future, clients will expect their PR firms to include possible 900 applications in every business proposal."

In a few years, the 900 number phenomenon might very well be remembered in the same way the 800 numbers were when they burst on the scene. "Ten years ago you never saw anything with an 800 number on it," says Bayer. "Today, they're everywhere. I think you'll see the 900 numbers do the very same thing." – *A.S.*

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Working Together

How Companies Are Integrating Corporate Communications

PUBLIC RELATIONS JOURNAL

September 1990 Vol. 9

FEATURES

18 **Working Together: How companies are integrating their corporate communications**

A growing number of companies are turning to integrated corporate communications to achieve maximum efficiency. Once their public relations goals are established, they're finding that success of the integrated messages depends on how well they support each other. Portfolios of three integrated campaigns revolving around this type of supporting messages are included.
James Foster

26 **Corporate Advertising Expenditures: Steady growth continued in 1989**

While overall corporate advertising expenditures continued to rise in 1989, the greatest increases were in the categories of cable TV and Sunday magazines. Meanwhile, network TV dropped for the first time. See how the trends in the nine major media groups compare. *James Foster*

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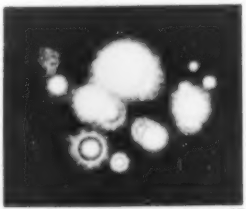

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INSIDE TRACK

Communications that work ...how and where

More and more companies today are looking to integrated communications to ensure that the messages created by the various communications disciplines support overall corporate public relations objectives, and each other. While this seems to be common sense, it's hard to find corporate campaigns that truly fit this description, James Foster, president, Brouillard Communications, New York, New York, writes in our cover story *(page 18)*.

Central control over the planning process, and setting overall objectives before turning your specialists loose to develop the materials and messages to meet them are the keys to getting integrated communications off to a good start. Case studies of three campaigns that succeeded show how it can be done.

Those interested in *where* corporate image advertisements, often an important part of these communications programs, are appearing, can turn to page 26, the start of our annual report on corporate advertising expenditures in nine media categories. Among the more interesting trends in 1989: spending on cable TV almost doubled, while network TV declined.

There's another trend on the rise in the United States: Chapter 11 business bankruptcy filings. About 20,000 of these cases are filed each year, and in the face of current economic conditions, this is expected to continue. In our "Briefings" section, *PRJ* reports on how public relations practitioners are helping these troubled companies communicate and survive *(page 8)*. Also in this section, an update on the strategies practitioners have developed to defend against service taxes on public relations in a growing number of states.

Judy A. Gordon, Executive Editor

With only a few days on the job, I'm just getting a feel for what's important to our readers. That's a subject I hope you will feel free to discuss with me in the coming months. As a publishing team, we at the *Journal* will try to make your magazine relevant, readable and receptive to new ideas and approaches. I salute my new colleagues who've done such a good job putting out the *Journal* in the past few months. I look forward to the new challenge here at PRSA of covering a field that is dynamic, diversified and dedicated to a high standard of professionalism. And I especially look forward to meeting and talking with as many of you as possible.

Susan L. Fry, Editor

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Corporate Advertising Expenditures

Steady growth continued in 1989

In 1989, spending for corporate advertising once again grew faster than overall advertising expenditures, as corporate advertising continued the upward trend it has followed since *Public Relations Journal* began tracking outlays by corporations and professional associations in 1971. The most noticeable rise was in the categories of corporate cable TV network expenditures and Sunday magazine expenditures, while network TV declined.

According to 1989 figures provided by Leading National Advertisers/Arbitron Multi-Media Service, overall corporate ad spending rose 11.5 percent last year, to nearly $1.4 billion. The substantial increases in cable TV networks (91.2%), Sunday magazines – formerly classified as newspaper supplements – (86.3%) and network radio (37.2%), and lesser but still significant rises in consumer magazines, newspapers, and spot and syndicated TV, more than offset declines in outdoor advertising (17.2%) and network TV (7.6%). Media relations experts and publishers will note with interest that 1989's slump in network TV put consumer magazines ahead in corporate advertising dollars for the first time since 1986.

Professional associations followed a similar pattern, with spending rising, although not as dramatically, in all categories and declining in the same two: outdoor advertising and network TV. The 25 percent drop in network TV reversed years of increases, while outdoor advertising simply continued its downward spiral. Overall, association spending rose 6.2 percent to $1.28 billion, with the biggest increases in network radio (25.6%) and Sunday magazines (19.5%).

Individual corporate spenders in all top 10 positions – except second-ranked Ford Motor Co. – changed rankings on the list of nine-media corporate advertisers *(see tables, pages 28-29)*. Sears Roebuck & Co. rose from number eight in 1988 to replace AT&T as the number one corporate spender. Ford held its number two position while Chrysler, absent in 1988, returned to the list in third place. Campeau Corporation and Prudential Insurance took fourth and fifth place, respectively. IBM and Citicorp slipped a notch each to sixth and seventh positions, while General Electric descended to eighth from third place and General Motors dropped down to ninth from seventh. May Department Stores replaced last year's number 10, Macy Acquiring Corp., in this year's top 10.

Typically, there was less flux among association advertisers. The top five on last year's list held firm. Holders of positions six through nine traded places, with Honda Dealers Association and the National Live Stock and Meat Board moving up and Hyundai and Toyo Kogyo Co. Auto Dealers Association giving ground. Florists' Transworld Delivery Association bumped the Blue Cross and Blue Shield Association out of tenth place.

Corporate expenditures

	9-MEDIA TOTAL	Consumer Magazines
REPORT TOTAL		
1989	1,398,193	465,667
1988	1,253,440	388,037
Percent change	11.5%	20.0%
1987	1,175,098	360,753
Percent change	6.7%	7.6%
1986	791,535	341,950
Percent change	48.5%	5.5%
1985	729,215	318,969

Association expenditures

	9-MEDIA TOTAL	Consumer Magazines
REPORT TOTAL		
1989	1,282,025	98,172
1988	1,207,479	87,013
Percent change	6.2%	12.8%
1987	1,103,704	85,643
Percent change	9.4%	1.6%
1986	844,601	79,898
Percent change	30.7%	7.2%
1985	647,065	73,677

Spending by *The Wall Street Journal*'s 10 leading corporate advertisers *(see tables, page 30)* declined 15 percent overall as merger mania receded. Six of the 10 players were fresh entries: Westinghouse (Number 1), U S West (4), Georgia-Pacific (5), American International Group, Inc. (7), CIGNA (9) and CitiCorp (10). All spent less than previous holders of those positions.

Among the repeaters on this year's list, Merrill Lynch dropped from first to sixth place and United Technologies from fourth to

Corporate advertising expenditures 1985–1989 nine media

(in $ thousands)

Sunday Magazines	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
24,455	234,603	6,712	404,374	205,326	7,409	24,504	25,143
13,130	208,602	8,103	437,752	160,452	5,923	12,817	18,325
86.3%	12.5%	(17.2%)	(7.6%)	28.0%	25.1%	91.2%	37.2%
12,084	211,959	8,191	372,852	163,628	6,973	10,767	27,890
8.7%	(1.6%)	(1.1%)	17.4%	(1.9%)	(15.1%)	19.0%	(34.3%)
11,730	—	8,018	252,816	139,948	2,018	9,794	25,262
3.0%	—	2.2%	47.5%	16.9%	245.5%	9.9%	10.4%
10,343	—	4,504	266,973	103,658	—	11,317	13,451

Sunday Magazines	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
5,353	128,686	5,348	130,266	867,337	7,229	17,079	22,556
4,479	127,121	6,308	173,605	768,395	6,760	15,835	17,962
19.5%	1.2%	(15.2%)	(25.0%)	12.9%	6.9%	7.9%	25.6%
3,614	97,039	7,347	156,625	722,625	5,606	9,685	15,519
23.9%	31.0%	(14.1%)	10.8%	6.3%	20.6%	63.5%	15.7%
5,865	—	8,103	148,509	572,961	3,346	6,160	19,760
(38.4%)	—	(9.3%)	5.5%	26.1%	67.5%	57.2%	(21.5%)
5,474	—	7,201	128,480	412,569	—	3,098	16,565

Source: LNA/Arbitron Multi-Media Services as compiled and published by Leading National Advertisers, Inc. Note: Cable TV media data was added to the database in 1985, syndicated TV in 1986 and newspapers in 1987. The Sunday magazine category was formerly listed as newspaper supplements. Numbers in the database are updated constantly. The numbers appearing on these charts are rounded to the nearest whole digit.

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eighth. Salomon Inc zipped up from sixth to second place, followed by Chase Manhattan, climbing from 10th to third.

In contrast to corporations, association advertising in the *WSJ* rose 13 percent, with the year's first and second place advertisers – the American Gas Association and newcomer Insurance Information Institute – both outpacing last year's top spender. There was some modest shuffling in the ranks among the other six associations that remained on the list in 1989. The Association of Corporate Travel Executives and the American Management Association, both new on the list, came in seventh and ninth, respectively.

Among the media trends indicated by the spending, corporate advertisers continued their traditional preference for print media, primarily because it provides a direct shot at their important audiences. The same logic is driving corporate advertising's growth in cable TV. Those media can deliver the audiences corporate advertisers want.

The continuing growth in niche broadcasting will draw more and more corporate advertising dollars. Network TV's accelerating cost is only going to speed the corporate advertiser's search for electronic media that deliver the right audiences. *–J. F.*

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9/90

Corporations

Parent Company	9-MEDIA TOTAL
1. Sears Roebuck & Co.	91,256
2. Ford Motor Co.	43,955
3. Chrysler Corp.	34,830
4. Campeau Corp.	34,388
5. Prudential Insurance Co. of America	34,278
6. IBM Corp.	33,751
7. Citicorp	33,502
8. General Electric Co.	33,155
9. General Motors Corp.	33,034
10. May Department Stores Co.	32,041
TOP 10 TOTAL	404,189
TOTAL: ALL OTHERS	993,035
REPORT TOTAL (all companies reporting)	1,398,193

Associations

Parent Company	9-MEDIA TOTAL
1. General Motors Corp. Dealers Assn.	288,221
2. Ford Auto Dealers Assn.	165,622
3. Chrysler Corp. Dealers Assn.	117,671
4. American Dairy Assn.	77,171
5. Toyota Auto Dealers Assn.	74,740
6. Honda Dealers Assn.	48,910
7. National Live Stock & Meat Board	38,863
8. Hyundai Group	37,730
9. Toyo Kogyo Co. Auto Dealers Assn.	31,179
10. Florists' Transworld Delivery Assn.	24,595
TOP 10 TOTAL	904,702
TOTAL: ALL OTHERS	360,735
REPORT TOTAL (all companies reporting)	1,282,025

Top 10 corporate ad spenders nine media

January to December 1989
(Ranked by total media dollars in $ thousands)

Consumer Magazines	Sunday Magazines	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
1,794	1,293	25,279	3	48,570	2,494	351	1,127	10,345
18,311	95	438	65	21,073	115	146	207	3,505
13,422	4,238	—	49	16,372	332	—	416	—
203	15	31,088	—	—	3,082	—	—	—
6,064	—	—	—	25,414	508	—	2,292	—
8,791	760	360	4	23,100	305	30	400	—
10,305	—	—	—	20,287	940	100	1,871	—
4,512	18	222	4	20,600	6,352	—	1,376	71
19,772	1,121	339	1	8,787	673	409	243	1,691
—	72	29,465	—	—	2,504	—	—	—
83,173	7,612	87,192	126	184,202	17,305	1,035	7,932	15,611
382,494	16,842	146,785	6,586	220,172	187,805	6,374	16,572	9,406
465,667	24,455	234,603	6,712	404,374	205,326	7,409	24,504	25,143

Consumer Magazines	Sunday Magazines	Newspapers	Outdoor	Network Television	Spot Television	Syndicated Television	Cable TV Networks	Network Radio
39	101	28,921	29	367	258,760	—	4	—
—	—	36,798	975	10	127,839	—	—	—
15	—	3,186	39	220	114,211	—	—	—
159	379	141	702	38,251	21,754	4,083	6,528	5,175
—	11	1,385	—	—	73,344	—	—	—
—	54	2,741	3	—	46,113	—	—	—
12,750	67	59	7	15,445	3,005	53	590	6,887
—	—	316	—	—	37,414	—	—	—
—	—	2,096	—	—	29,081	—	2	—
1,042	—	3,368	9	17,889	21	—	234	2,034
14,005	612	79,011	1,763	72,181	711,542	4,136	7,357	14,096
84,167	4,538	42,279	3,338	58,085	147,054	3,093	9,722	8,460
98,172	5,353	128,686	5,348	130,266	867,337	7,229	17,079	22,556

Source: LNA/Arbitron Multi-Media Services as compiled and published by Leading National Advertisers, Inc. Note: Cable TV media data was added to the database in 1985, syndicated TV in 1986 and newspapers in 1987. The Sunday magazine category was formerly listed as newspaper supplements. Numbers in the database are updated constantly. The numbers appearing on these charts are rounded to the nearest whole digit. Numbers do not add to report total due to rounding, and advertising placed by unidentified companies included in database. *© 1990 by Leading National Advertisers, Inc., Publishers Information Bureau, Inc. and the Arbitron Co.*

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Wall Street Journal advertising

January to December 1989

Top 10 spenders: corporations

	1989 Linage	1989 Dollars
1. Westinghouse Electric Corp.	49,642	2,690,467
2. Salomon Inc	44,791	2,673,348
3. Chase Manhattan Corp.	40,835	2,512,321
4. U S West	39,704	2,478,578
5. Georgia-Pacific Corp.	42,882	2,308,744
6. Merrill Lynch & Co. Inc.	37,580	2,142,164
7. American International Group Inc.	32,609	2,090,596
8. United Technologies Corp.	36,991	2,013,512
9. Cigna Corp.	36,963	2,007,060
10. Citicorp	34,336	1,987,873
TOP 10 TOTAL	396,333	22,904,663
TOTAL: ALL OTHERS	2,048,150	115,375,032
REPORT TOTAL	2,444,483	138,279,695

Top 10 spenders: associations

	1989 Linage	1989 Dollars
1. American Gas Assn. Inc.	16,800	905,112
2. Insurance Information Institute	13,262	756,616
3. Blue Cross & Blue Shield Assn.	10,644	573,396
4. U.S. Council for Energy Awareness	6,132	393,544
5. Teachers Insurance & Annuity Assn. of America	5,320	324,409
6. Ford Auto Dealers Assn.	4,092	310,986
7. Assn. of Corporate Travel Executives Inc.	4,521	243,329
8. Acura Dealers Assn.	2,150	165,438
9. American Management Assn. Inc.	2,493	145,537
10. American Institute of Certified Public Accountants	2,670	143,674
TOP 10 TOTAL	68,084	3,962,041
TOTAL: ALL OTHERS	21,935	1,392,981
REPORT TOTAL	90,019	5,345,022

Source: Leading National Advertisers. Data ranked on 1989 dollars. © Copyright 1990 by Publishers Information Bureau, Inc. as compiled by Leading National Advertisers.